

Commonwealth of Kentucky  
Personnel Cabinet

# Health Insurance Program Monthly Report



Prepared for

Kentucky Group Health Insurance  
Board Members

April 2008

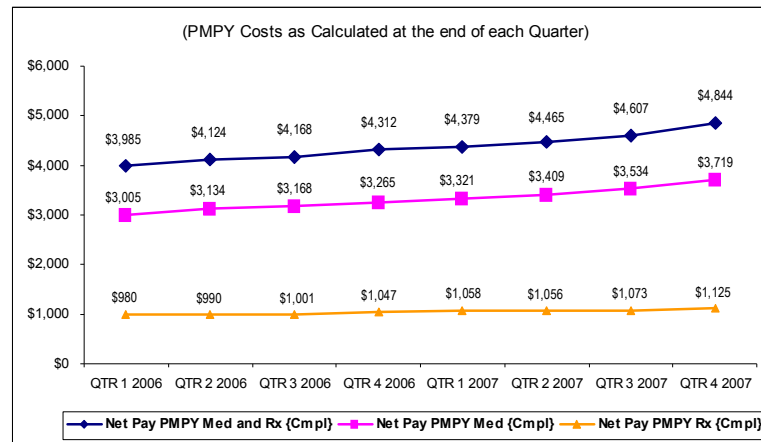
# DASHBOARD REPORT: BASED ON INCURRED CLAIMS

Includes Projections for Incurred, but Not yet Reported Claims (IBNR or CMPL)

## Enrollment

| Fact              | Dec 2006 - Nov 2007 | Dec 2005 - Nov 2006 | % Change |
|-------------------|---------------------|---------------------|----------|
| Employees Avg Med | 150,319             | 146,555             | 2.60%    |
| Members Avg Med   | 243,763             | 235,592             | 3.50%    |
| Family Size Avg   | 1.6                 | 1.6                 | 0.90%    |
| Member Age Avg    | 36.7                | 37.9                | -3.00%   |

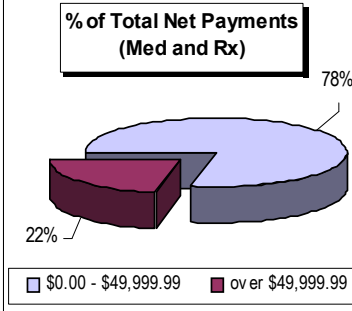
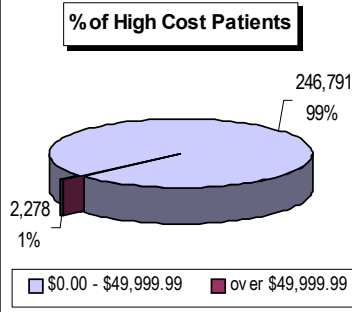
## Net Incurred Claims Cost Per Member



## Allowed Claims Costs PMPY with Norms

|                                  | Dec 2005 - Nov 2006 | Dec 2006 - Nov 2007 | Trend | Recent US Norm | Comp to Norm |
|----------------------------------|---------------------|---------------------|-------|----------------|--------------|
| Allow Amt PMPY Med {Cmpl}        | \$3,527.35          | \$3,879.18          | 10%   | \$3,586.33     | 7.55%        |
| Allow Amt PMPY IP Acute {Cmpl}   | \$1,010.28          | \$1,074.85          | 6%    | N/A            | N/A          |
| Allow Amt PMPY OP Med {Cmpl}     | \$2,502.07          | \$2,793.96          | 12%   | \$2,448.76     | 12.36%       |
| Allow Amt PMPY OP Fac Med {Cmpl} | \$1,025.84          | \$1,297.02          | 26%   | N/A            | N/A          |
| Allow Amt PMPY Office Med {Cmpl} | \$885.69            | \$971.95            | 10%   |                | N/A          |
| Allow Amt PMPY OP Lab {Cmpl}     | \$211.37            | \$242.95            | 15%   |                | N/A          |
| Allow Amt PMPY OP Rad {Cmpl}     | \$426.79            | \$482.67            | 13%   |                | N/A          |
| Out of Pocket PMPY Med {Cmpl}    | \$324.90            | \$333.34            | 3%    | \$650.13       | -95.04%      |
| Allow Amt PMPY Rx {Cmpl}         | \$1,189.61          | \$1,287.60          | 8%    | \$1,013.38     | 21.30%       |
| Out of Pocket PMPY Rx {Cmpl}     | \$216.24            | \$210.55            | -3%   |                | N/A          |

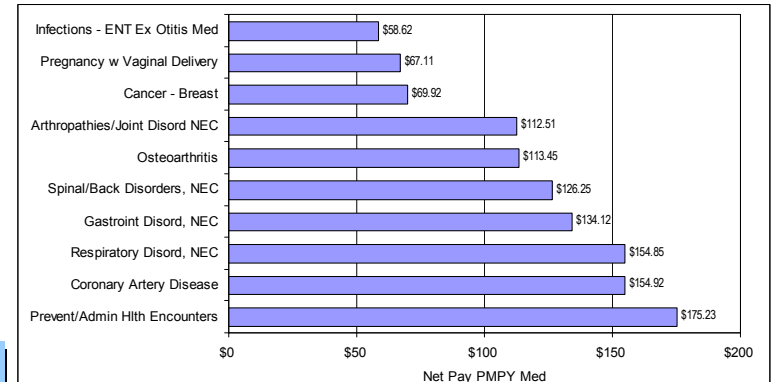
## High Cost Claimants December 06– November 07



## Prescription Drug Programs

|            |                               | Dec 2005 - Nov 2006 | Dec 2006 - Nov 2007 | % Change |
|------------|-------------------------------|---------------------|---------------------|----------|
| Mail Order | Discount Off AWP % Rx         | 33.44%              | 36.44%              | 8.96%    |
|            | Scripts Generic Efficiency Rx | 90.71%              | 91.13%              | 0.47%    |
| Retail     | Discount Off AWP % Rx         | 33.06%              | 37.11%              | 12.25%   |
|            | Scripts Generic Efficiency Rx | 93.82%              | 94.02%              | 0.22%    |
| Total      | Discount Off AWP % Rx         | 33.11%              | 37.01%              | 11.77%   |
|            | Scripts Generic Efficiency Rx | 93.70%              | 93.87%              | 0.19%    |
|            | Scripts Maint Rx % Mail Order | 6.41%               | 7.40%               | 15.56%   |

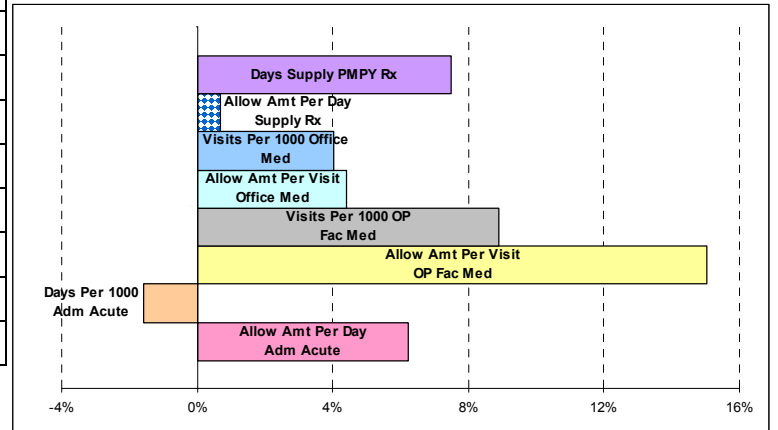
## Top 10 Clinical Conditions



## Cost Drivers Support

| Fact                           | Dec 2005 - Nov 2006 | Dec 2006 - Nov 2007 | % Change |
|--------------------------------|---------------------|---------------------|----------|
| Days Supply PMPY Rx            | \$2,832.33          | \$3,009.10          | 6.24%    |
| Allow Amt Per Day Supply Rx    | 347.58              | 342.03              | -1.60%   |
| Allow Amt Per Visit Office Med | \$630.14            | \$724.96            | 15.05%   |
| Visits Per 1000 Office Med     | 1,627.93            | 1,772.78            | 8.90%    |
| Visits Per 1000 OP Fac Med     | \$108.21            | \$112.99            | 4.42%    |
| Allow Amt Per Visit OP Fac Med | 8,184.35            | 8,513.76            | 4.02%    |
| Days Per 1000 Adm Acute        | \$2.22              | \$2.23              | 0.69%    |
| Allow Amt Per Day Adm Acute    | 537.06              | 577.27              | 7.49%    |

## Cost Drivers—Utilization and Price Trends



# Table of Contents

|   |       |
|---|-------|
| Introduction .....  | 4     |
| Overview .....  | 4     |
| Definitions .....   | 5     |
| Enrollment .....  | 6-8   |
| Claims Costs .....  | 9-12  |
| Medical Claims Utilization .....  | 13    |
| Analysis of Deductibles .....   | 14-15 |
| Analysis of Individuals and Families Meeting their Out of Pocket Expenses ..... | 16-17 |
| Premium (or Premium Equivalent) .....   | 18    |
| Rx Utilization .....  | 19-23 |
| Utilization .....   | 24-25 |
| Claims Lag Analysis .....   | 26-27 |
| Claims Distribution based on Age/Gender .....                                   | 28    |
| Allowed Amount Distribution .....   | 29    |
| Summary of Enrollment and Claims .....  | 30    |

## **Introduction**

The Department of Employee Insurance (DEI) is pleased to provide an analysis of the Kentucky Employees Health Plan. In response to requests for data analysis, this report has been prepared to provide information related to enrollment, claims payment, and utilization.

It is the Department's intent to update this information on a monthly basis in an effort to provide current information about Kentucky's Health Insurance Program.

## **Overview**

This report is compiled using Medstat, which is DEI's health insurance information management system. Medstat warehouses enrollment and claims data. Enrollment data is provided by DEI while claims data is provided by each carrier and/or TPA.

Claims information may be analyzed by either "incurred" or "paid" dates. "Incurred" reports specify paid amounts for claims that were incurred in a specified timeframe. Due to the lag time in submittal and payment of claims, historical reports that are based on incurred claims may change significantly with each new database update since additional incurred claims will be added. "Paid" claims reports specify the paid amount for claims regardless of when the claims may have been incurred. Unless otherwise specified, data contained in this report are based on "incurred" claims.

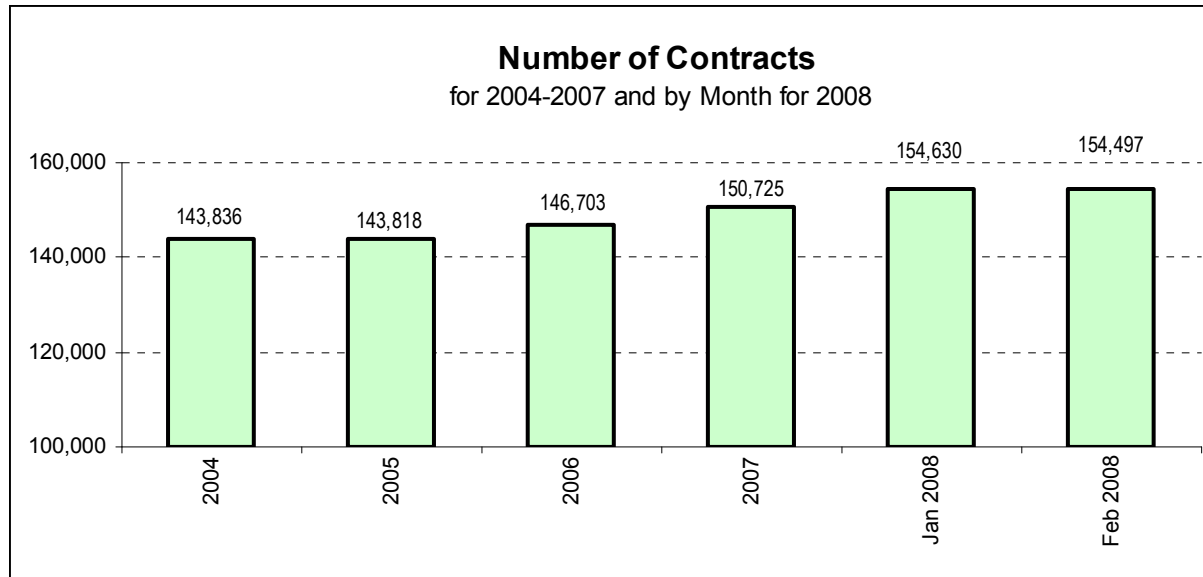
Enrollment in the KEHP changes on a daily basis due to a variety of reasons such as: new hires, adding dependents, dropping dependents, marriage, divorce, becoming Medicare eligible, etc. Therefore, Medstat is dealing with a fluid enrollment base. Also, each carrier processes claims slightly differently. During 2006 Medstat processed enrollment information for a total of **258,809** members as well as **7,973,124** claims (3,96,007 Medical claims and 4,584,166 prescriptions) from different carriers. When dealing with such large numbers it is impossible to tag every claim to a corresponding group, carrier, service type, etc. While the tagging rate for the KEHP data exceeds 99%, you may still see information on reports stated as "~Missing". This indicates any enrollment or claims that could not be "tagged" by Medstat.

## **Definitions**

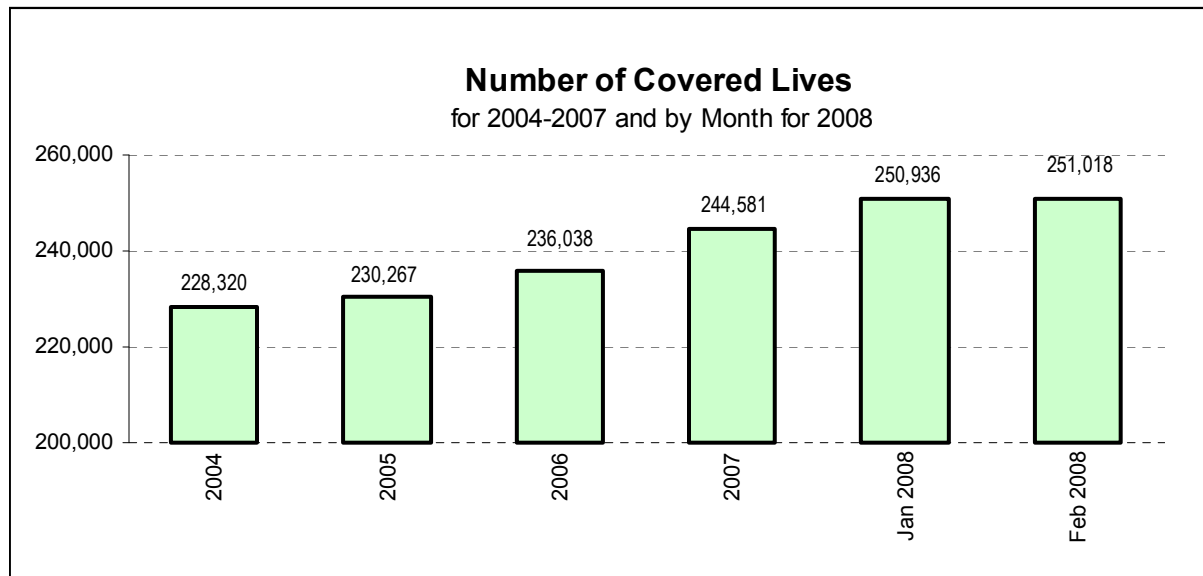
- **Employee** represents an individual eligible to participate in KEHP as a retiree in either KTRS or KRS, or by being employed by one of the agencies that participate with KEHP (example: state employee, school boards, Quasi agency, etc.). Employee may also be referred to as “planholder” or “contracts”. Please note that Medstat deals with Cross-reference plans uniquely. Although there are in fact two “employees” Medstat can only designate the planholder as an employee. Therefore, the cross-referenced spouse is considered a dependent and all claims and utilization data related to them is counted as a “member”.
- **Member** includes all employees plus any dependents that are covered through the KEHP. Members may also be referred to as “covered lives”.
- **Group** is Kentucky Retirement System (KRS), Kentucky Teachers Retirement System (KTRS), State Employees, School Boards, or Other (includes: COBRA, Health Departments, KCTCS, Quasi/Local Governments).
- **Plan** is Commonwealth Essential, Commonwealth Enhanced, Commonwealth Premier, Commonwealth Select, HMO Option A, HMO Option B, POS Option A, POS Option B, PPO Option A, PPO Option B, or EPO Option C.
- **Carrier** may be Aetna, Anthem, Bluegrass Family Health, CHA Health, United Healthcare, or Humana (please note that Express Scripts data is designated as Humana).
- **Generic Efficiency** means the number of prescriptions that are filled with a generic product as a percentage of the total number of prescriptions where a generic is available.
- **OOP** is the amount paid out-of-pocket by the member for facility, professional, and prescription drug services. This generally includes coinsurance, co-payment, and deductible amounts.
- **Allowed Amount** is the amount of submitted charges eligible for payment for all claims. It is the amount eligible after applying pricing guidelines, but before deducting third party, co-payment, coinsurance, or deductible amounts.
- **Net Payment** is the net amount paid for all claims. It represents the amount after all pricing guidelines have been applied, and all third party, co-payment, coinsurance, and deductible amounts have been subtracted.
- **Patients** is the unique count of members who received facility, professional, or pharmacy services.
- **Days Supply** is the number of days for which drugs were supplied for prescriptions filled. It represents the number of days of drug therapy covered by a prescription.
- **Mail Order** is computed as any script filled with a “days supply” of more than 30 days, regardless of the physical location where the prescription was filled.
- **Retail** is computed as any script filled with a “days supply” of 30 days or less, regardless of the physical location where the prescription was filled.

## Enrollment

The following chart show planholder enrollment (contracts) for 2004-2007 and monthly year-to-date for 2008. Enrollment will fluctuate on a monthly basis. (Approximately 7,500 cross-referenced spouses in any given month are not included)

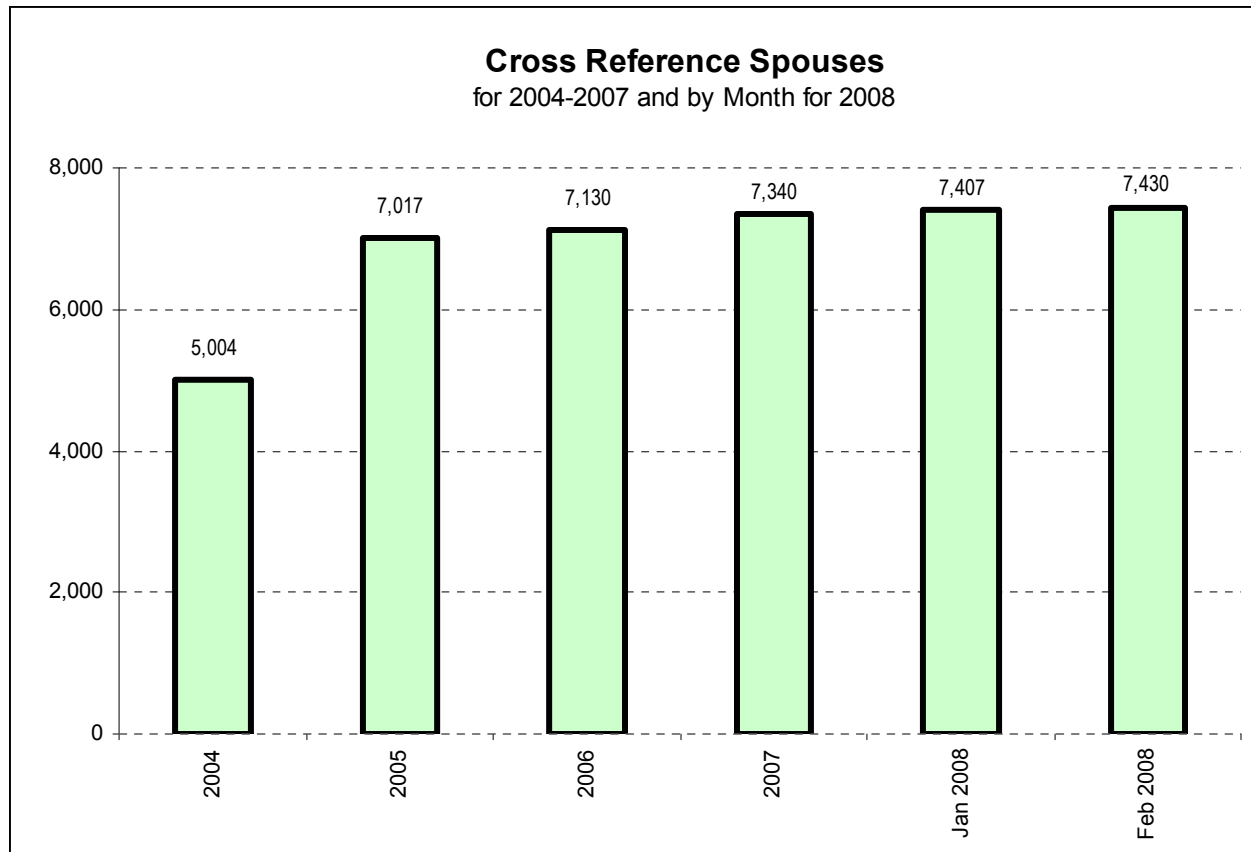


The following chart show member enrollment. (covered lives) for 2004-2007 and monthly year-to-date for 2008. Enrollment will fluctuate on a monthly basis.



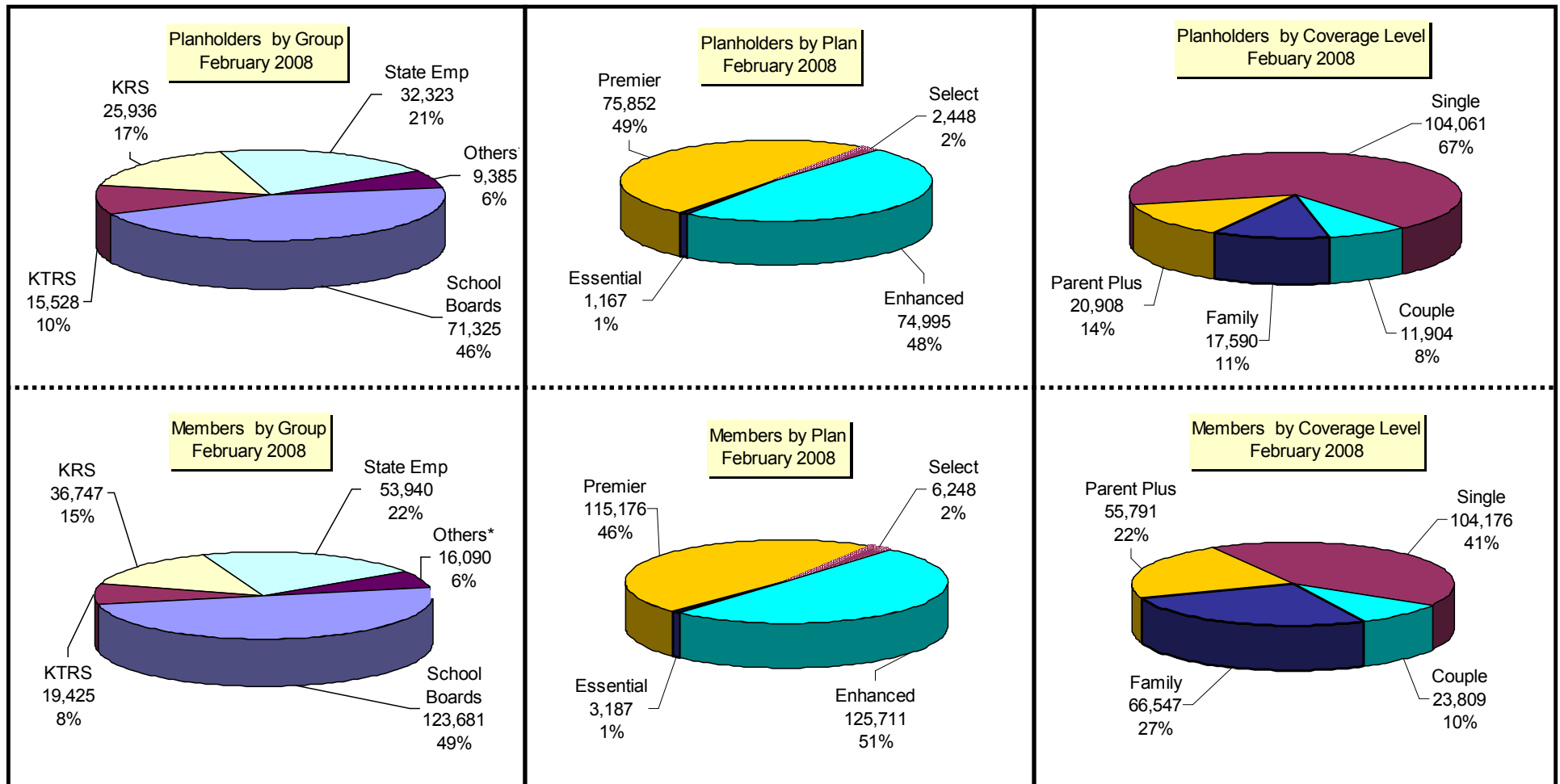
**Enrollment** *(continued)*

The following graph shows the number of cross-reference spouses for 2004-2007 and monthly year-to-date for 2008. The number of Cross Referenced Spouses will fluctuate on a monthly basis.



## **Enrollment** *(continued)*

The following charts show Planholder and Member enrollment by group, plan, and coverage level.

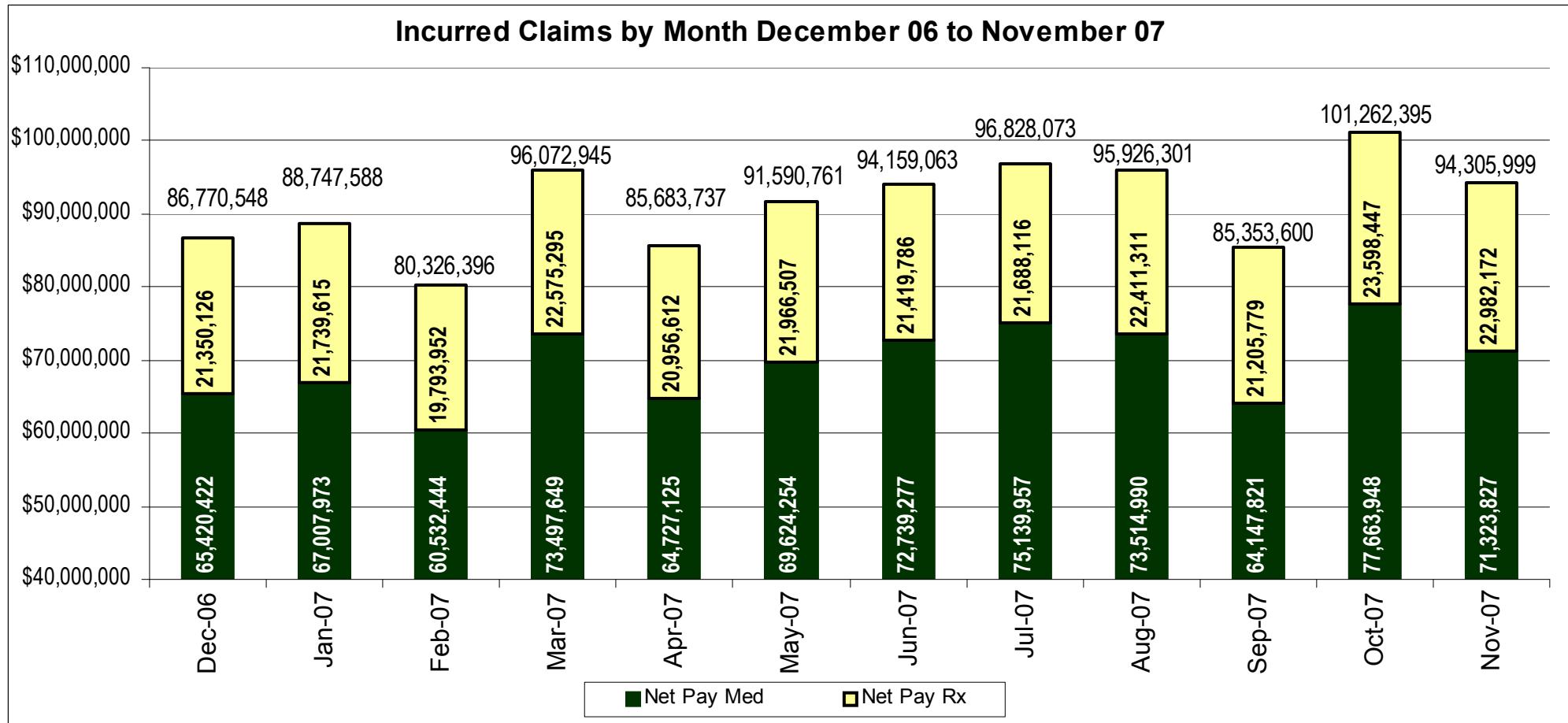


\* Others include Cobra, Health Departments, KCTCS, Quasi/Local Governments, or Missing (unable to determine group).



## Claims Costs

Claims costs include Medical and Prescription (Rx) for the most recent rolling year. Based on Incurred Claims.



## **Claims Costs** *(continued)*

The following tables represent **incurred** claims by **Group** for 2004, 2005, 2006 and monthly year-to-date for 2007.

### **INCURRED MEDICAL CLAIMS (no Rx) by Group:**

|        | <b>School Boards</b> | <b>KTRS</b>  | <b>KRS</b>    | <b>State Employees</b> | <b>Others*</b> | <b>Totals</b> |
|--------|----------------------|--------------|---------------|------------------------|----------------|---------------|
| 2004   | \$246,147,555        | \$70,821,610 | \$105,467,391 | \$123,091,625          | \$44,876,807   | \$590,404,988 |
| 2005   | \$258,765,695        | \$80,441,575 | \$122,087,491 | \$127,048,597          | \$43,800,319   | \$632,143,678 |
| 2006   | \$305,166,054        | \$93,350,143 | \$145,330,248 | \$150,160,819          | \$47,954,185   | \$741,961,449 |
| Jan-07 | \$27,948,792         | \$8,596,271  | \$13,721,876  | \$12,719,692           | \$4,021,341    | \$67,007,973  |
| Feb-07 | \$26,197,137         | \$7,067,071  | \$12,401,498  | \$11,012,496           | \$3,854,241    | \$60,532,444  |
| Mar-07 | \$29,949,196         | \$9,674,162  | \$15,714,969  | \$13,676,986           | \$4,482,336    | \$73,497,649  |
| Apr-07 | \$27,178,011         | \$7,781,404  | \$12,854,649  | \$12,821,993           | \$4,091,069    | \$64,727,125  |
| May-07 | \$28,588,872         | \$8,266,943  | \$13,690,442  | \$13,912,327           | \$5,165,671    | \$69,624,254  |
| Jun-07 | \$34,075,703         | \$8,667,271  | \$13,059,085  | \$12,307,490           | \$4,629,729    | \$72,739,277  |
| Jul-07 | \$34,362,343         | \$8,836,210  | \$13,744,034  | \$13,355,437           | \$4,841,932    | \$75,139,957  |
| Aug-07 | \$29,577,501         | \$9,853,030  | \$15,259,037  | \$13,823,674           | \$5,001,748    | \$73,514,990  |
| Sep-07 | \$25,582,425         | \$7,962,792  | \$13,215,098  | \$12,861,666           | \$4,525,840    | \$64,147,821  |
| Oct-07 | \$33,020,325         | \$9,777,310  | \$15,741,077  | \$13,893,428           | \$5,231,808    | \$77,663,948  |
| Nov-07 | \$29,483,471         | \$8,712,043  | \$15,049,721  | \$13,668,417           | \$4,410,174    | \$71,323,827  |

### **INCURRED Rx CLAIMS (no Med) by Group:**

|        | <b>School Boards</b> | <b>KTRS</b>  | <b>KRS</b>   | <b>State Employees</b> | <b>Others*</b> | <b>Totals</b> |
|--------|----------------------|--------------|--------------|------------------------|----------------|---------------|
| 2004   | \$65,369,460         | \$24,608,695 | \$34,687,723 | \$32,464,692           | \$11,366,382   | \$168,496,952 |
| 2005   | \$69,902,366         | \$27,093,871 | \$39,707,393 | \$34,313,121           | \$11,808,579   | \$182,825,330 |
| 2006   | \$92,685,236         | \$35,019,171 | \$53,085,466 | \$42,885,008           | \$13,461,121   | \$237,136,001 |
| Jan-07 | \$8,515,538          | \$3,115,651  | \$4,961,674  | \$3,841,047            | \$1,305,705    | \$21,739,615  |
| Feb-07 | \$7,894,223          | \$2,715,129  | \$4,478,248  | \$3,491,874            | \$1,214,478    | \$19,793,952  |
| Mar-07 | \$8,989,154          | \$3,156,397  | \$5,149,382  | \$4,003,066            | \$1,277,297    | \$22,575,295  |
| Apr-07 | \$8,168,309          | \$2,979,957  | \$4,870,636  | \$3,757,927            | \$1,179,782    | \$20,956,612  |
| May-07 | \$8,590,459          | \$3,133,229  | \$4,987,444  | \$3,935,500            | \$1,319,875    | \$21,966,507  |
| Jun-07 | \$8,554,121          | \$3,017,639  | \$4,887,322  | \$3,716,537            | \$1,244,167    | \$21,419,786  |
| Jul-07 | \$8,379,515          | \$3,171,868  | \$5,187,713  | \$3,701,954            | \$1,247,065    | \$21,688,116  |
| Aug-07 | \$8,556,043          | \$3,325,912  | \$5,319,388  | \$3,893,703            | \$1,316,265    | \$22,411,311  |
| Sep-07 | \$8,113,218          | \$3,153,242  | \$5,036,026  | \$3,690,774            | \$1,212,519    | \$21,205,779  |
| Oct-07 | \$9,009,135          | \$3,470,778  | \$5,674,542  | \$4,084,029            | \$1,359,963    | \$23,598,447  |
| Nov-07 | \$8,940,287          | \$3,311,863  | \$5,469,168  | \$3,899,175            | \$1,361,679    | \$22,982,172  |

\* Others include Cobra, Health Departments, KCTCS, Quasi/Local Governments, or Missing (unable to determine group).

**Claims Costs** (continued)

The following tables represent **incurred** claims by **Plan** for 2004, 2005, 2006 and monthly year-to-date for 2007.

**INCURRED MEDICAL CLAIMS (no Rx) by PLAN:**

|        | Commonwealth  |             |               |           | Old HMO Products | Old POS Products | Old PPO Products | Old EPO Products | Missing*    | Total         |
|--------|---------------|-------------|---------------|-----------|------------------|------------------|------------------|------------------|-------------|---------------|
|        | Enhanced      | Essential   | Premier       | Select    |                  |                  |                  |                  |             |               |
| 2004   | \$252,667     | \$96,285    | \$420,830     | \$0       | \$212,909,645    | \$40,885,382     | \$325,224,613    | \$5,524,470      | \$5,091,095 | \$590,404,987 |
| 2005   | \$224,064,043 | \$5,706,857 | \$398,897,273 | \$807     | \$12,164         | \$900            | \$179,854        | \$70             | \$3,281,710 | \$632,143,678 |
| 2006   | \$285,585,026 | \$5,329,881 | \$446,823,906 | \$2,399   | \$0              | \$0              | \$0              | \$0              | \$4,220,236 | \$741,961,449 |
| Jan-07 | \$25,700,717  | \$428,338   | \$40,278,392  | \$232,586 | \$0              | \$0              | \$0              | \$0              | \$367,941   | \$67,007,973  |
| Feb-07 | \$22,742,598  | \$317,382   | \$36,649,453  | \$356,457 | \$0              | \$0              | \$0              | \$0              | \$466,554   | \$60,532,444  |
| Mar-07 | \$28,606,164  | \$289,732   | \$43,801,798  | \$428,958 | \$0              | \$0              | \$0              | \$0              | \$370,998   | \$73,497,649  |
| Apr-07 | \$25,077,694  | \$528,453   | \$38,439,609  | \$447,316 | \$0              | \$0              | \$0              | \$0              | \$234,052   | \$64,727,125  |
| May-07 | \$27,327,132  | \$396,440   | \$40,527,429  | \$858,368 | \$0              | \$0              | \$0              | \$0              | \$514,886   | \$69,624,254  |
| Jun-07 | \$28,880,655  | \$426,752   | \$42,565,736  | \$606,399 | \$0              | \$0              | \$0              | \$0              | \$259,735   | \$72,739,277  |
| Jul-07 | \$30,717,118  | \$615,909   | \$42,937,269  | \$583,712 | \$0              | \$0              | \$0              | \$0              | \$285,950   | \$75,139,957  |
| Aug-07 | \$29,780,390  | \$382,044   | \$42,439,861  | \$550,824 | \$0              | \$0              | \$0              | \$0              | \$361,871   | \$73,514,990  |
| Sep-07 | \$25,287,577  | \$512,544   | \$37,464,120  | \$503,944 | \$0              | \$0              | \$0              | \$0              | \$379,637   | \$64,147,821  |
| Oct-07 | \$31,205,662  | \$356,370   | \$44,922,471  | \$777,694 | \$0              | \$0              | \$0              | \$0              | \$401,752   | \$77,663,948  |
| Nov-07 | \$28,742,540  | \$338,400   | \$41,298,884  | \$640,699 | \$0              | \$0              | \$0              | \$0              | \$303,303   | \$71,323,827  |

**INCURRED Rx CLAIMS (no Med) by PLAN:**

| Time Period | Commonwealth |             |               |           | Old HMO Products | Old POS Products | Old PPO Products | Old EPO Products | Missing*    | Total         |
|-------------|--------------|-------------|---------------|-----------|------------------|------------------|------------------|------------------|-------------|---------------|
|             | Enhanced     | Essential   | Premier       | Select    |                  |                  |                  |                  |             |               |
| 2004        | \$53,616     | \$2,484     | \$77,187      | \$0       | \$58,944,733     | \$13,448,392     | \$94,468,015     | \$678,460        | \$824,066   | \$168,496,953 |
| 2005        | \$64,806,483 | \$1,345,013 | \$115,899,198 | \$0       | \$12,237         | \$3,874          | \$21,588         | \$496            | \$736,441   | \$182,825,330 |
| 2006        | \$86,168,939 | \$1,164,651 | \$148,799,423 | \$0       | \$0              | \$0              | \$0              | \$0              | \$1,002,988 | \$237,136,001 |
| Jan-07      | \$8,086,493  | \$83,964    | \$13,471,540  | \$11,439  | \$0              | \$0              | \$0              | \$0              | \$86,179    | \$21,739,615  |
| Feb-07      | \$7,440,905  | \$74,506    | \$12,162,448  | \$34,792  | \$0              | \$0              | \$0              | \$0              | \$81,302    | \$19,793,952  |
| Mar-07      | \$8,411,875  | \$87,976    | \$13,977,139  | \$54,659  | \$0              | \$0              | \$0              | \$0              | \$43,646    | \$22,575,295  |
| Apr-07      | \$7,910,971  | \$76,090    | \$12,845,294  | \$88,477  | \$0              | \$0              | \$0              | \$0              | \$35,780    | \$20,956,612  |
| May-07      | \$8,196,688  | \$77,717    | \$13,547,746  | \$103,701 | \$0              | \$0              | \$0              | \$0              | \$40,655    | \$21,966,507  |
| Jun-07      | \$8,011,915  | \$74,484    | \$13,165,188  | \$136,304 | \$0              | \$0              | \$0              | \$0              | \$31,895    | \$21,419,786  |
| Jul-07      | \$8,073,958  | \$76,233    | \$13,372,953  | \$126,910 | \$0              | \$0              | \$0              | \$0              | \$38,061    | \$21,688,116  |
| Aug-07      | \$8,329,818  | \$85,106    | \$13,804,313  | \$147,240 | \$0              | \$0              | \$0              | \$0              | \$44,833    | \$22,411,311  |
| Sep-07      | \$7,940,937  | \$77,034    | \$12,999,423  | \$148,935 | \$0              | \$0              | \$0              | \$0              | \$39,450    | \$21,205,779  |
| Oct-07      | \$8,776,540  | \$90,609    | \$14,503,827  | \$177,035 | \$0              | \$0              | \$0              | \$0              | \$50,437    | \$23,598,447  |
| Nov-07      | \$8,697,561  | \$81,752    | \$13,974,451  | \$185,691 | \$0              | \$0              | \$0              | \$0              | \$42,717    | \$22,982,172  |

HMO = HMO Option A plus HMO Option B

POS = POS Option A plus POS Option B

PPO = PPO Option A plus PPO Option B

\*Missing means the claims could not be tagged to a specific plan.

**Claims Costs** *(continued)*

The following represents **incurred medical claims only** (does not include Rx) by **Coverage Level** for 2004, 2005, 2006 and monthly year-to-date for 2007.

**INCURRED MEDICAL CLAIMS (no Rx) by Coverage Level:**

| Period | Couple        | Family        | Parent Plus   | Single        | Unknown*    | Total         |
|--------|---------------|---------------|---------------|---------------|-------------|---------------|
| 2004   | \$79,155,863  | \$103,820,755 | \$86,067,017  | \$316,270,259 | \$5,091,095 | \$590,404,989 |
| 2005   | \$87,259,924  | \$118,831,621 | \$89,302,093  | \$333,467,938 | \$3,282,102 | \$632,143,678 |
| 2006   | \$105,104,209 | \$141,353,227 | \$103,380,368 | \$387,903,408 | \$4,220,236 | \$741,961,449 |
| Jan-07 | \$8,888,345   | \$12,771,729  | \$9,557,079   | \$35,422,879  | \$367,941   | \$67,007,973  |
| Feb-07 | \$9,073,001   | \$11,350,943  | \$8,685,112   | \$30,956,833  | \$466,554   | \$60,532,444  |
| Mar-07 | \$10,954,040  | \$12,927,256  | \$10,965,446  | \$38,279,909  | \$370,998   | \$73,497,649  |
| Apr-07 | \$9,549,911   | \$11,647,972  | \$8,978,096   | \$34,317,094  | \$234,052   | \$64,727,125  |
| May-07 | \$9,746,777   | \$13,263,596  | \$9,018,815   | \$37,080,181  | \$514,886   | \$69,624,254  |
| Jun-07 | \$9,795,919   | \$13,853,941  | \$10,083,442  | \$38,746,240  | \$259,735   | \$72,739,277  |
| Jul-07 | \$11,042,230  | \$14,283,437  | \$10,171,349  | \$39,356,992  | \$285,950   | \$75,139,957  |
| Aug-07 | \$10,768,879  | \$13,392,761  | \$9,354,413   | \$39,637,066  | \$361,871   | \$73,514,990  |
| Sep-07 | \$10,009,555  | \$12,284,648  | \$8,535,307   | \$32,938,675  | \$379,637   | \$64,147,821  |
| Oct-07 | \$12,013,263  | \$14,607,920  | \$10,441,069  | \$40,199,943  | \$401,752   | \$77,663,948  |
| Nov-07 | \$10,663,947  | \$13,399,676  | \$9,743,537   | \$37,213,363  | \$303,303   | \$71,323,827  |

The following represents **incurred Rx claims only** (does not include medical) by **Coverage Level** for 2004, 2005, 2006 and monthly year-to-date for 2007.

**INCURRED Rx CLAIMS (no Med) by Coverage Level:**

| Period | Couple       | Family       | Parent Plus  | Single        | Unknown*    | Total         |
|--------|--------------|--------------|--------------|---------------|-------------|---------------|
| 2004   | \$25,937,109 | \$29,646,733 | \$19,042,131 | \$93,046,913  | \$824,066   | \$168,496,952 |
| 2005   | \$28,909,182 | \$34,191,722 | \$19,160,269 | \$99,827,438  | \$736,720   | \$182,825,330 |
| 2006   | \$38,228,071 | \$43,810,095 | \$25,942,797 | \$128,152,233 | \$1,002,805 | \$237,136,001 |
| Jan-07 | \$3,476,620  | \$3,984,593  | \$2,485,752  | \$11,706,481  | \$86,169    | \$21,739,615  |
| Feb-07 | \$3,186,247  | \$3,617,827  | \$2,342,408  | \$10,566,174  | \$81,296    | \$19,793,952  |
| Mar-07 | \$3,606,594  | \$4,228,635  | \$2,596,082  | \$12,100,346  | \$43,639    | \$22,575,295  |
| Apr-07 | \$3,362,130  | \$3,827,879  | \$2,411,332  | \$11,319,496  | \$35,776    | \$20,956,612  |
| May-07 | \$3,556,982  | \$4,074,464  | \$2,386,290  | \$11,908,115  | \$40,655    | \$21,966,507  |
| Jun-07 | \$3,431,245  | \$3,974,183  | \$2,299,636  | \$11,682,826  | \$31,895    | \$21,419,786  |
| Jul-07 | \$3,622,058  | \$3,959,698  | \$2,349,264  | \$11,719,035  | \$38,061    | \$21,688,116  |
| Aug-07 | \$3,644,371  | \$4,227,343  | \$2,453,077  | \$12,041,687  | \$44,833    | \$22,411,311  |
| Sep-07 | \$3,379,744  | \$4,029,053  | \$2,405,590  | \$11,351,942  | \$39,450    | \$21,205,779  |
| Oct-07 | \$3,849,896  | \$4,437,040  | \$2,639,642  | \$12,621,432  | \$50,437    | \$23,598,447  |
| Nov-07 | \$3,656,497  | \$4,445,560  | \$2,652,341  | \$12,185,056  | \$42,717    | \$22,982,172  |

\*Unable to tag claims to a specific coverage level

## Medical Claims Utilization

The following is based on medical claims\* (does not include Rx) incurred from January 2007 through November 2007.

| Commonwealth Plan | Admits Per 1000 Acute | Admits Per 1000 Acute {Rcnt SGovt} | %Diff from {Rcnt SGovt} | Days LOS Admit Acute | Days LOS Admit Acute {Rcnt SGovt} | %Diff from {Rcnt SGovt} | Days Per 1000 Adm Acute | Days Per 1000 Adm Acute {Rcnt SGovt} | %Diff from {Rcnt SGovt} |
|-------------------|-----------------------|------------------------------------|-------------------------|----------------------|-----------------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------|
| <b>Enhanced</b>   | 72.34                 | 70.3                               | 2.91%                   | 3.78                 | 3.78                              | 0.09%                   | 273.62                  | 286.43                               | -4.47%                  |
| <b>Essential</b>  | 56.84                 | 60.09                              | -5.41%                  | 3.34                 | 3.65                              | -8.57%                  | 189.85                  | 246.75                               | -23.06%                 |
| <b>Premier</b>    | 103.03                | 77.97                              | 32.14%                  | 3.97                 | 3.91                              | 1.73%                   | 409.34                  | 337.31                               | 21.35%                  |
| <b>Select</b>     | 51.07                 | 57.83                              | -11.70%                 | 4.1                  | 3.66                              | 12.14%                  | 209.4                   | 226.84                               | -7.69%                  |
| <b>Total</b>      | <b>70.82</b>          | <b>66.55</b>                       | <b>6.42%</b>            | <b>3.80</b>          | <b>3.75</b>                       | <b>1.27%</b>            | <b>270.55</b>           | <b>274.33</b>                        | <b>-1.38%</b>           |

| Commonwealth Plan | Visits Per 1000 Office Med | Visits Per 1000 Office Med {Rcnt SGovt} | %Diff from {Rcnt SGovt} | Visits Per 1000 ER | Visits Per 1000 ER {Rcnt SGovt} | %Diff from {Rcnt SGovt} |
|-------------------|----------------------------|---|-------------------------|--------------------|---------------------------------|-------------------------|
| <b>Enhanced</b>   | 7,578.85                   | 7,031.42                                | 7.79%                   | 200.42             | 202.53                          | -1.04%                  |
| <b>Essential</b>  | 3,848.53                   | 6,348.86                                | -39.38%                 | 201.27             | 200.25                          | 0.51%                   |
| <b>Premier</b>    | 9,867.87                   | 7,791.74                                | 26.65%                  | 239.53             | 200.93                          | 19.21%                  |
| <b>Select</b>     | 5,064.53                   | 6,166.41                                | -17.87%                 | 155.16             | 200.48                          | -22.61%                 |
| <b>Total</b>      | <b>6,589.95</b>            | <b>6,834.61</b>                         | <b>-5.70%</b>           | <b>199.10</b>      | <b>201.05</b>                   | <b>-0.98%</b>           |

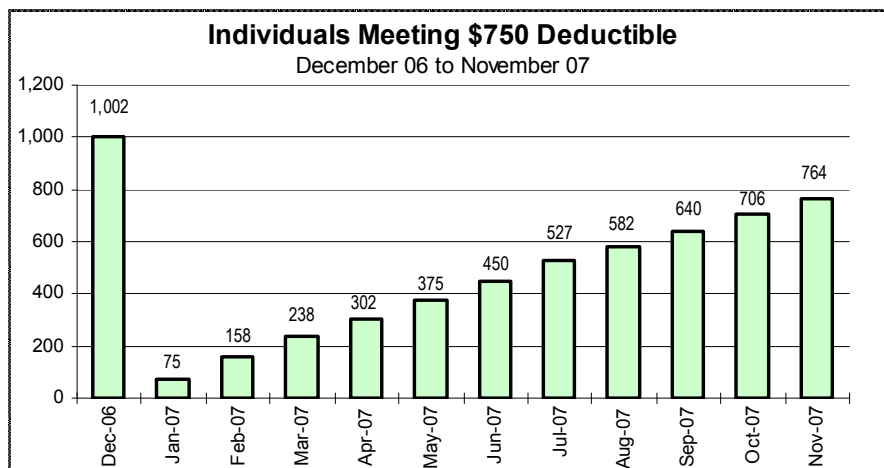
| Commonwealth Plan | Svcs Per 1000 OP Lab | Svcs Per 1000 OP Lab {Rcnt US} | %Diff from {Rcnt US} | Svcs Per 1000 OP Rad | Svcs Per 1000 OP Rad {Rcnt US} | %Diff from {Rcnt US} |
|-------------------|----------------------|--------------------------------|----------------------|----------------------|--------------------------------|----------------------|
| <b>Enhanced</b>   | 7,149.79             | 6,189.24                       | 15.52%               | 2,554.08             | 2,085.77                       | 22.45%               |
| <b>Essential</b>  | 4,029.59             | 5,339.12                       | -24.53%              | 1,443.79             | 1,733.28                       | -16.70%              |
| <b>Premier</b>    | 10,080.56            | 7,075.73                       | 42.47%               | 3,689.24             | 2,514.57                       | 46.71%               |
| <b>Select</b>     | 4,631.30             | 5,030.24                       | -7.93%               | 1,580.42             | 1,605.24                       | -1.55%               |
| <b>Total</b>      | <b>6,472.81</b>      | <b>5,908.58</b>                | <b>6.38%</b>         | <b>2,316.88</b>      | <b>1,984.72</b>                | <b>12.73%</b>        |

\*Services are tracked by each service, not by each visit. Therefore, if two laboratory services are performed at one visit, it will count as two services.

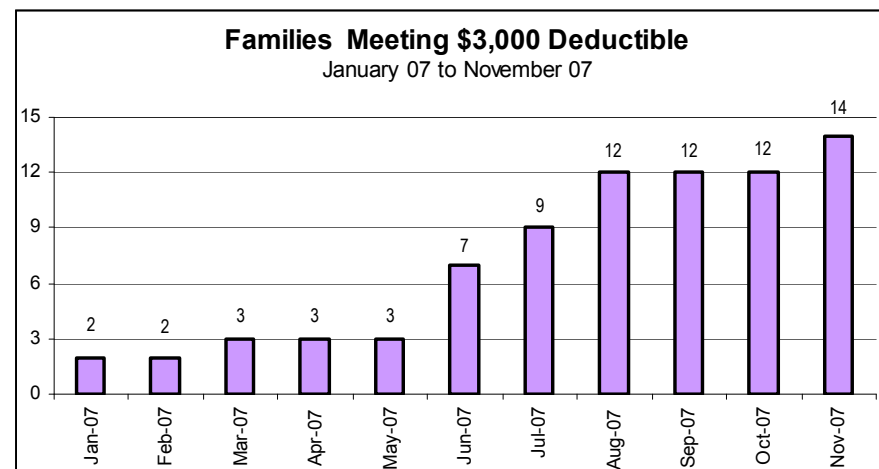
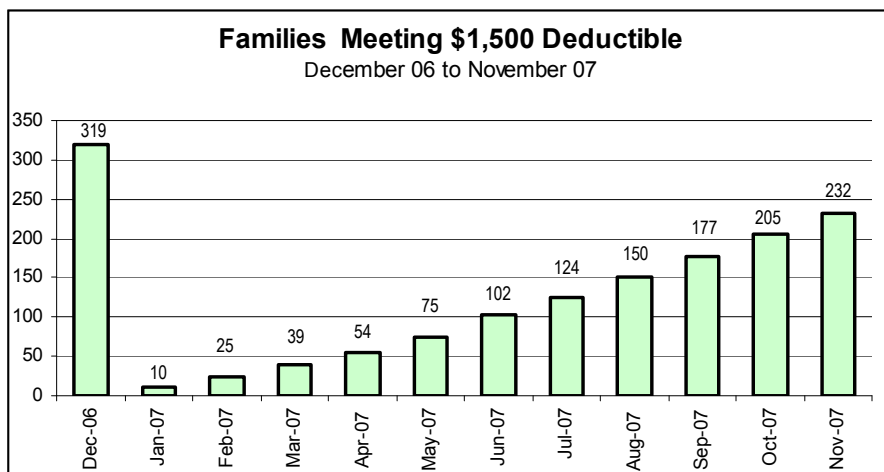
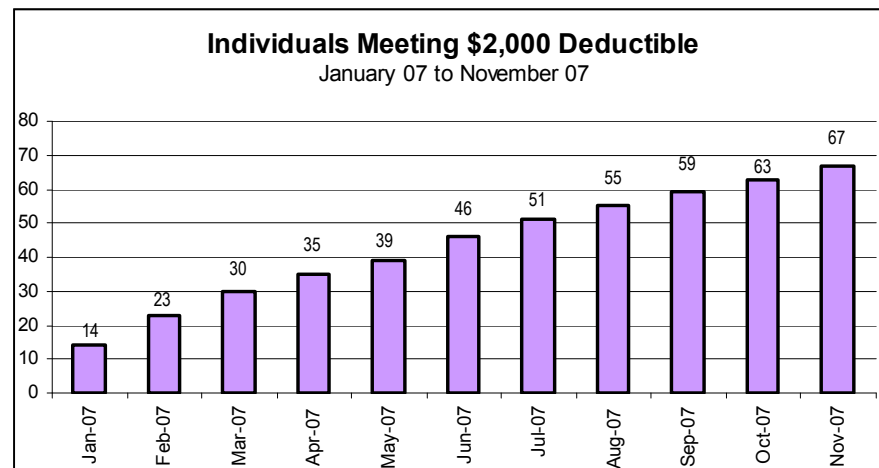
## Analysis of Individuals and Families Meeting Their Deductibles

The following details the number of individuals and families by plan that met their deductible for the most recent rolling year. This report is based on incurred claims. Commonwealth Select was a new plan begun in the 2007 Plan Year.

### Commonwealth Essential



### Commonwealth Select



#### Individuals and Families in Essential Plan

|          |               |                    |               |                                    |
|----------|---------------|--------------------|---------------|------------------------------------|
| 2005:    | <b>18.63%</b> | of Individuals and | <b>11.45%</b> | of Families met their Deductibles. |
| 2006:    | <b>22.14%</b> | of Individuals and | <b>16.35%</b> | of Families met their Deductibles. |
| In 2007: | <b>20.52%</b> | of Individuals and | <b>14.84%</b> | of Families met their Deductibles. |

#### Individuals and Families in Select Plan

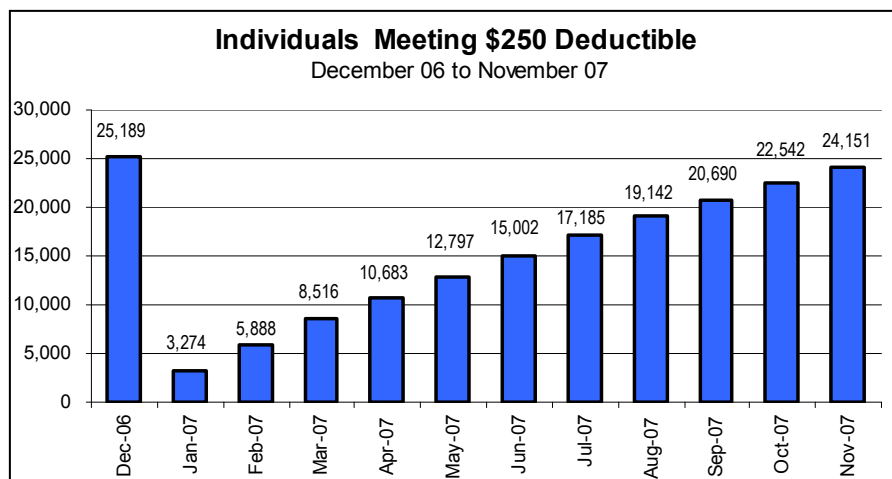
|       |              |                    |              |                                    |
|-------|--------------|--------------------|--------------|------------------------------------|
| 2007: | <b>1.50%</b> | of Individuals and | <b>0.66%</b> | of Families met their Deductibles. |
|-------|--------------|--------------------|--------------|------------------------------------|

*Note: For the Select Plan only, prescription drug coinsurance amounts are included in MOP totals.*

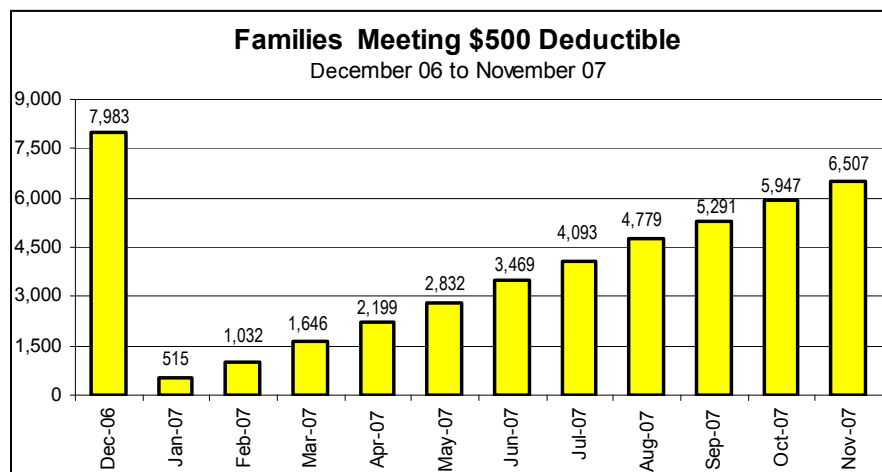
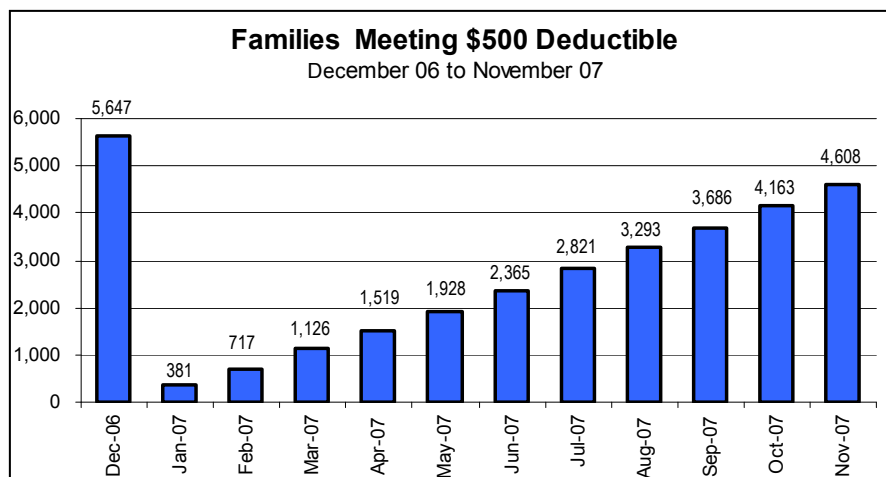
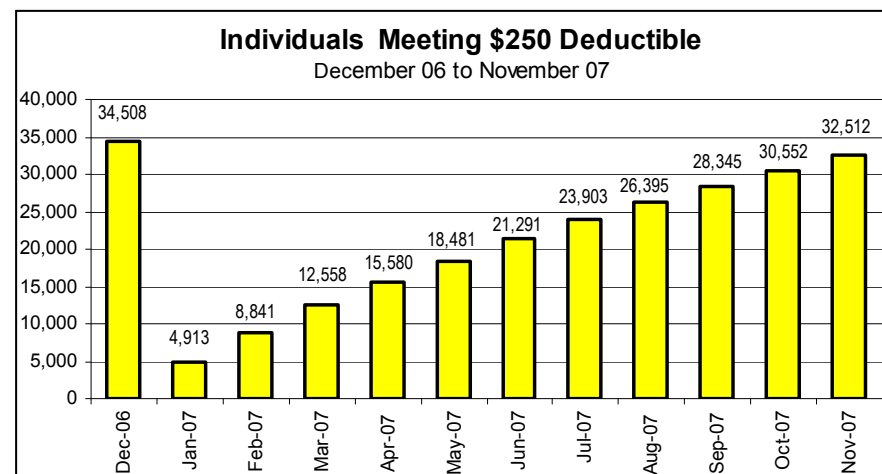
## **Analysis of Individuals and Families Meeting Their Deductibles** *(continued)*

The following details the number of individuals and families by plan that met their deductible for the most recent rolling year. This report is based on incurred claims.

### **Commonwealth Enhanced**



### **Commonwealth Premier**



#### **Individuals and Families In Enhanced Plan**

|          |               |                  |              |                                    |
|----------|---------------|------------------|--------------|------------------------------------|
| 2005:    | <b>19.36%</b> | of Individuals & | <b>4.59%</b> | of Families met their Deductibles. |
| 2006:    | <b>21.52%</b> | of Individuals & | <b>7.23%</b> | of Families met their Deductibles. |
| In 2007: | <b>19.91%</b> | of Individuals & | <b>5.77%</b> | of Families met their Deductibles. |

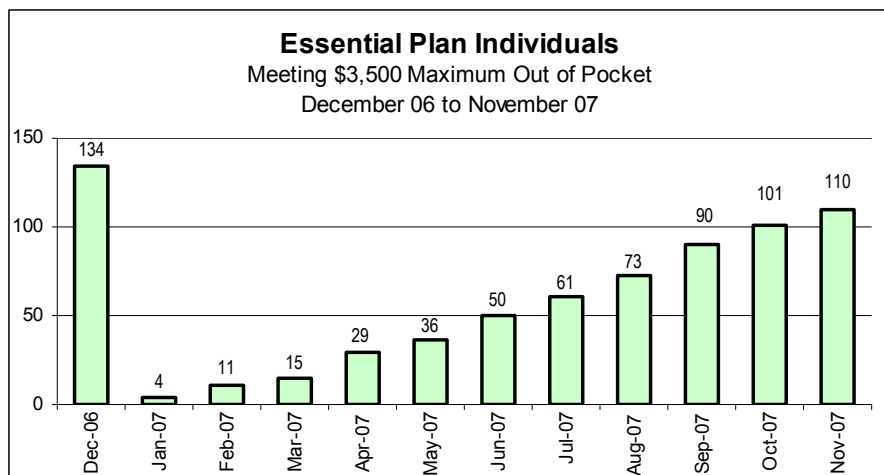
#### **Individuals and Families In Premier Plan**

|          |               |                    |              |                                    |
|----------|---------------|--------------------|--------------|------------------------------------|
| 2005:    | <b>27.80%</b> | of Individuals and | <b>6.65%</b> | of Families met their Deductibles. |
| 2006:    | <b>30.15%</b> | of Individuals and | <b>9.95%</b> | of Families met their Deductibles. |
| In 2007: | <b>28.37%</b> | of Individuals and | <b>8.07%</b> | of Families met their Deductibles. |

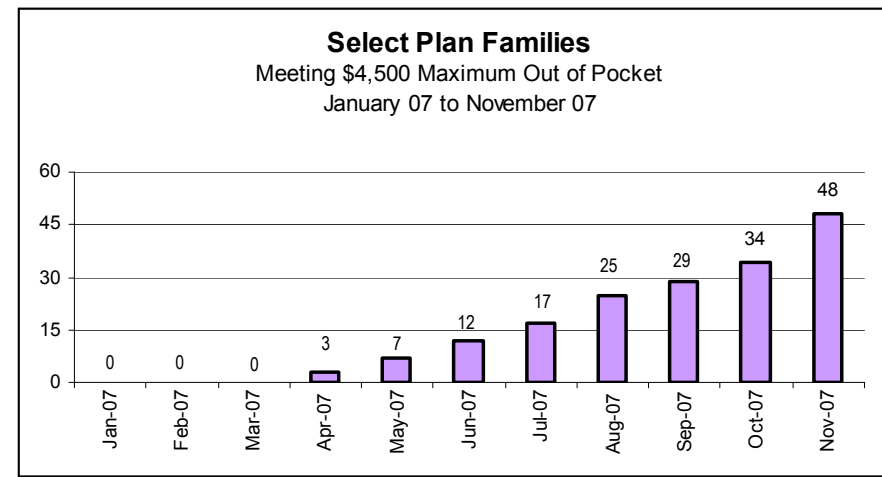
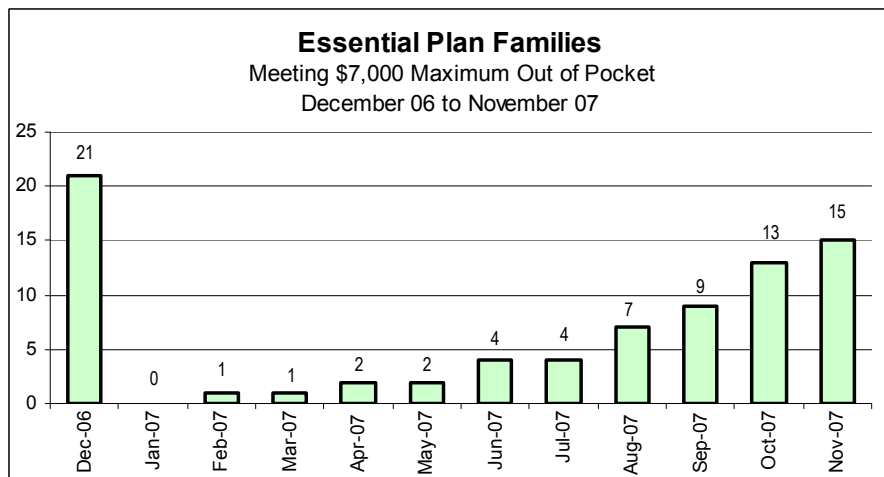
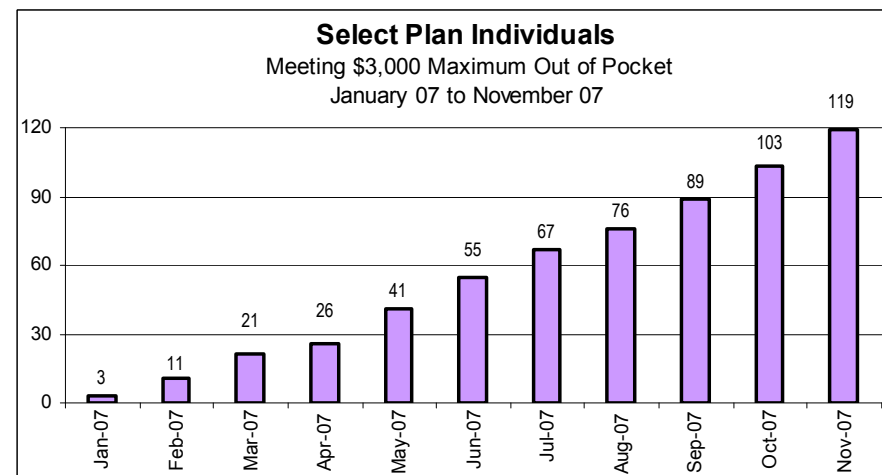
## Analysis of Individuals and Families Meeting Their Maximum Out of Pocket Expenses

The following details the number of individuals and families by plan that met their maximum out of pocket expenses for the most recent rolling year. This report is based on incurred claims. Commonwealth Select was a new plan begun in the 2007 Plan Year.

### Commonwealth Essential



### Commonwealth Select



#### Individuals and Families in Essential Plan

|          |              |                    |              |                             |
|----------|--------------|--------------------|--------------|-----------------------------|
| 2005:    | <b>1.14%</b> | of Individuals and | <b>0.22%</b> | of Families met their MOPs. |
| 2006:    | <b>2.96%</b> | of Individuals and | <b>1.08%</b> | of Families met their MOPs. |
| In 2007: | <b>2.95%</b> | of Individuals and | <b>0.96%</b> | of Families met their MOPs. |

#### Individuals and Families in Select Plan

|       |              |                    |              |                                    |
|-------|--------------|--------------------|--------------|------------------------------------|
| 2007: | <b>2.67%</b> | of Individuals and | <b>2.25%</b> | of Families met their Deductibles. |
|-------|--------------|--------------------|--------------|------------------------------------|

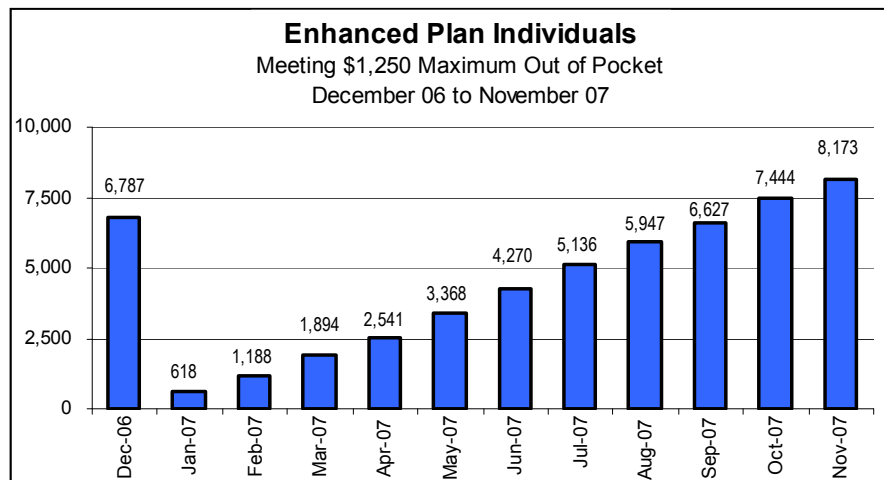
*Note: For the Select Plan only, prescription drug coinsurance amounts are included in MOP totals.*



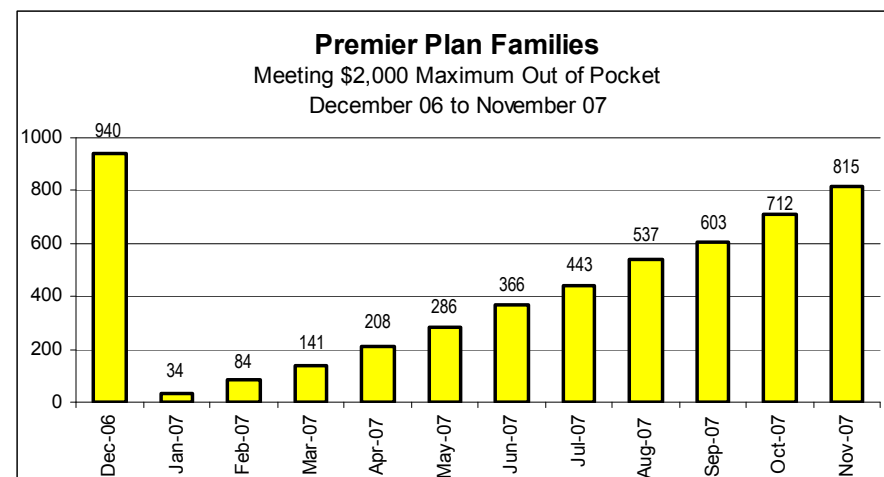
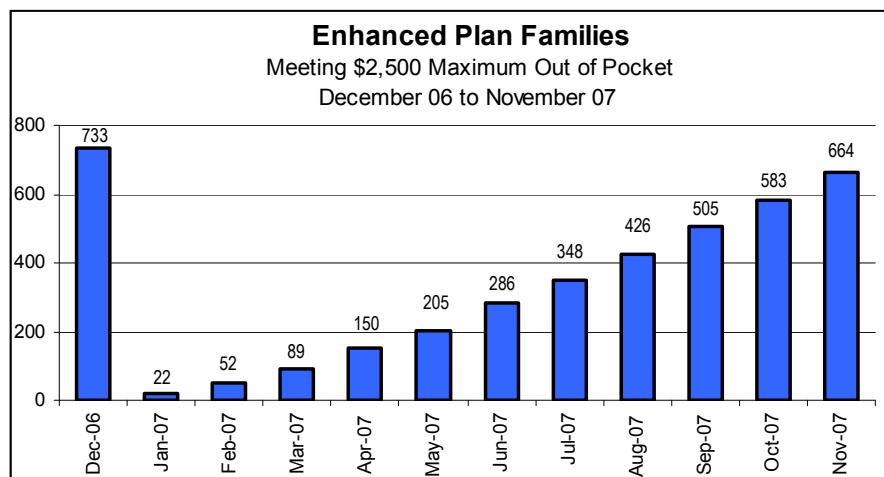
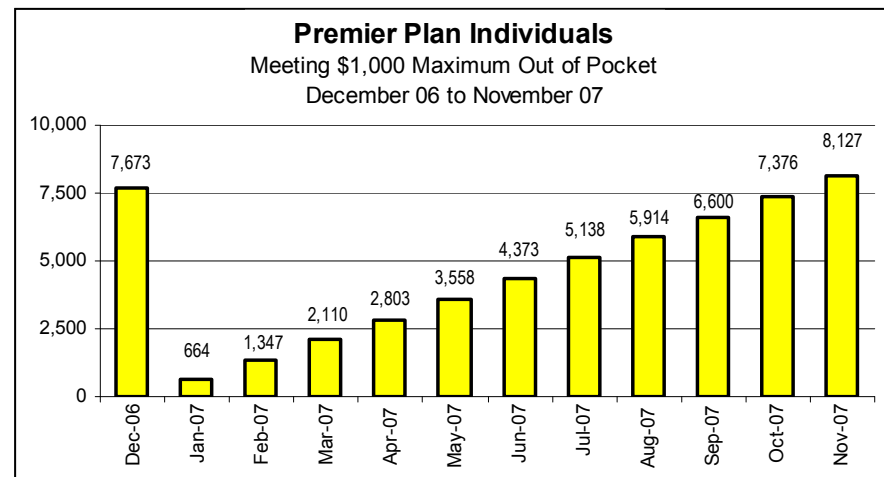
## **Analysis of Individuals and Families Meeting Their Maximum Out of Pocket Expenses** *(continued)*

The following details the number of individuals and families by plan that met their maximum out of pocket expenses for the most recent rolling year. This report is based on incurred claims.

### **Commonwealth Enhanced**



### **Commonwealth Premier**



#### **Individuals and Families In Enhanced Plan**

|          |              |                  |              |                             |
|----------|--------------|------------------|--------------|-----------------------------|
| 2005:    | <b>3.34%</b> | of Individuals & | <b>0.83%</b> | of Families met their MOPs. |
| 2006:    | <b>5.79%</b> | of Individuals & | <b>0.94%</b> | of Families met their MOPs. |
| In 2007: | <b>6.74%</b> | of Individuals & | <b>0.73%</b> | of Families met their MOPs. |

#### **Individuals and Families In Premier Plan**

|          |              |                    |              |                             |
|----------|--------------|--------------------|--------------|-----------------------------|
| 2005:    | <b>3.38%</b> | of Individuals and | <b>0.53%</b> | of Families met their MOPs. |
| 2006:    | <b>6.70%</b> | of Individuals and | <b>1.17%</b> | of Families met their MOPs. |
| In 2007: | <b>7.09%</b> | of Individuals and | <b>1.01%</b> | of Families met their MOPs. |

**Premium (or Premium Equivalent)**

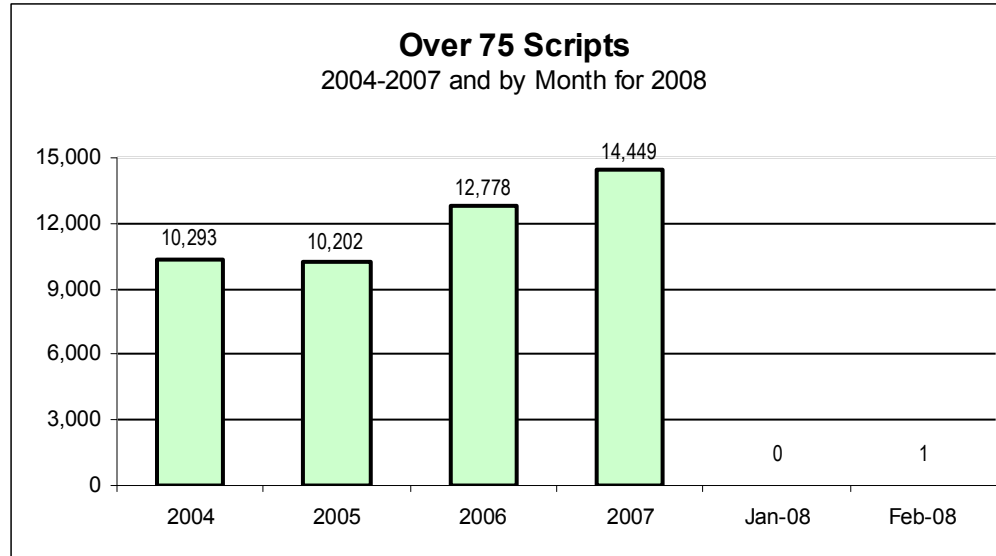
The following details the amount of premium\* (or premium equivalent) paid by the employee and employer for 2004-2007 and monthly through 2008.

| <b>Time Period</b> | <b>Employee<br/>Premium Amount</b> | <b>Employer<br/>Premium Amount</b> | <b>Total<br/>Premium Amount</b> |
|--------------------|------------------------------------|------------------------------------|---------------------------------|
| 2004               | \$213,004,714                      | \$492,025,888                      | \$705,030,602                   |
| 2005               | \$148,029,637                      | \$779,647,097                      | \$927,676,733                   |
| 2006               | \$153,787,780                      | \$948,458,338                      | \$1,102,246,118                 |
| 2007               | \$167,530,819                      | \$973,220,791                      | \$1,140,751,611                 |
| Jan-08             | \$15,092,722                       | \$88,061,087                       | \$103,153,809                   |
| Feb-08             | \$15,073,401                       | \$88,006,309                       | \$103,079,710                   |

*\*Premium (or premium equivalent) is based on enrollment using published premium rates—it is NOT based on actual payments received.*

## **Prescription Drug Utilization**

The following details the number of families that have purchased 75 scripts or more during 2004-2007 and by month for 2008. After a family has filled 75 prescriptions via retail purchase, the co-payment is reduced to \$10 for 2nd tier and \$20 for 3rd tier.



The table below summarizes plan impact for families regarding the scripts benefit in 2008:

| Script Count, per Family | Number of Families | Number of Scripts | Avg. # of Scripts per Patient | Avg. Net Payment per Script | Net Payments For All Scripts |
|--------------------------|--------------------|-------------------|-------------------------------|-----------------------------|------------------------------|
| 0 - 74                   | 119,996            | 777,713           | 4.82                          | \$52.25                     | \$40,633,992.53              |
| over 74                  | 1                  | 94                | 47.00                         | \$120.68                    | \$11,343.86                  |
| Total                    | 119,997            | 777,807           | 4.82                          | \$52.26                     | \$40,645,336.39              |

**Prescription Drug Utilization** *(continued)*

The following details the type of prescription filled, the percent that were generic, and the generic efficiency rate for the most recent rolling year. Based on paid claims..

| <b>Time Period</b> | <b>Generic</b> | <b>Brand Name,<br/>Generic<br/>Available</b> | <b>Brand Name</b> | <b>Other*</b> | <b>Total</b> | <b>Scripts Rx %<br/>Generic</b> | <b>Scripts Generic<br/>Efficiency Rx</b> |
|--------------------|----------------|--|-------------------|---------------|--------------|---------------------------------|--|
| Mar-07             | 232,597        | 12,711                                       | 145,098           | 8,053         | 398,459      | 58.37%                          | 94.82%                                   |
| Apr-07             | 220,361        | 11,967                                       | 138,430           | 7,668         | 378,426      | 58.23%                          | 94.85%                                   |
| May-07             | 268,847        | 14,277                                       | 164,662           | 8,534         | 456,320      | 58.92%                          | 94.96%                                   |
| Jun-07             | 226,065        | 17,147                                       | 130,870           | 7,260         | 381,342      | 59.28%                          | 92.95%                                   |
| Jul-07             | 271,171        | 21,081                                       | 154,738           | 8,761         | 455,751      | 59.50%                          | 92.79%                                   |
| Aug-07             | 222,547        | 18,149                                       | 119,509           | 7,410         | 367,615      | 60.54%                          | 92.46%                                   |
| Sep-07             | 230,985        | 17,394                                       | 122,785           | 7,477         | 378,641      | 61.00%                          | 93.00%                                   |
| Oct-07             | 293,351        | 21,354                                       | 153,473           | 9,883         | 478,061      | 61.36%                          | 93.21%                                   |
| Nov-07             | 238,200        | 16,852                                       | 122,469           | 8,447         | 385,968      | 61.71%                          | 93.39%                                   |
| Dec-07             | 250,180        | 17,108                                       | 126,901           | 9,332         | 403,521      | 62.00%                          | 93.60%                                   |
| Jan-08             | 300,336        | 20,957                                       | 150,653           | 13,260        | 485,206      | 61.90%                          | 93.48%                                   |
| Feb-08             | 259,506        | 17,181                                       | 126,979           | 14,609        | 418,275      | 62.04%                          | 93.79%                                   |

*\*Includes: Over the Counter (usually items such as diabetic supplies, syringes, and test strips, etc.), Other/Unavailable or Missing (Unable to tag to a specific group).*

## **Prescription Drug Utilization**

The following details the number of members and patients **utilizing prescription benefits** and the associated costs for the most recent rolling year. Based on Incurred Claims.

| <b>Month</b> | <b>Members</b> | <b>Patients</b> | <b>Scripts</b> | <b>Scripts Per Member</b> | <b>Scripts Per Patient</b> | <b>Allow Amt* Per Script</b> | <b>Net Pay Per Script</b> | <b>Member Cost Per Script</b> | <b>Patient Cost Per Script</b> |
|--------------|----------------|-----------------|----------------|---------------------------|----------------------------|------------------------------|---------------------------|-------------------------------|--------------------------------|
| Dec-06       | 239,277        | 153,633         | 416,010        | 1.73                      | 3.11                       | \$61.40                      | \$51.32                   | \$17.52                       | \$27.28                        |
| Jan-07       | 241,464        | 158,541         | 432,759        | 1.79                      | 3.15                       | \$61.23                      | \$50.23                   | \$19.10                       | \$29.09                        |
| Feb-07       | 241,625        | 153,064         | 389,854        | 1.61                      | 2.95                       | \$61.68                      | \$50.77                   | \$17.12                       | \$27.02                        |
| Mar-07       | 241,951        | 160,272         | 438,043        | 1.81                      | 3.15                       | \$62.52                      | \$51.54                   | \$19.43                       | \$29.33                        |
| Apr-07       | 242,700        | 153,284         | 400,923        | 1.65                      | 3.04                       | \$63.20                      | \$52.27                   | \$17.72                       | \$28.05                        |
| May-07       | 242,972        | 155,025         | 417,087        | 1.71                      | 3.12                       | \$63.49                      | \$52.67                   | \$18.26                       | \$28.62                        |
| Jun-07       | 243,692        | 152,667         | 396,512        | 1.62                      | 3.07                       | \$64.71                      | \$54.02                   | \$17.15                       | \$27.37                        |
| Jul-07       | 243,889        | 154,486         | 400,529        | 1.64                      | 3.10                       | \$64.72                      | \$54.15                   | \$17.15                       | \$27.08                        |
| Aug-07       | 241,422        | 155,944         | 416,097        | 1.72                      | 3.14                       | \$64.17                      | \$53.86                   | \$17.58                       | \$27.21                        |
| Sep-07       | 242,850        | 151,409         | 391,553        | 1.61                      | 3.01                       | \$64.35                      | \$54.16                   | \$16.26                       | \$26.08                        |
| Oct-07       | 247,352        | 162,024         | 431,255        | 1.74                      | 3.16                       | \$64.78                      | \$54.72                   | \$17.35                       | \$26.49                        |
| Nov-07       | 248,216        | 160,830         | 422,353        | 1.70                      | 3.10                       | \$64.22                      | \$54.41                   | \$16.51                       | \$25.47                        |

*\*"Allow Amt" is the amount of submitted charges eligible for payment for all claims. It is the amount eligible after applying pricing guidelines, but before deducting third party, co-payment, coinsurance, or deductible amounts.*

## **Prescription Drug Utilization**

The following Top 25 Drug Analysis is based on Rx claims incurred January through November 2007

| <b>Rank</b> | <b>Prev Rank</b> | <b>Product Name</b>  | <b>Brand/Generic</b> | <b>Therapeutic Classes</b> | <b>Net Pay Rx</b> | <b>Net Pay Rx as % of All Drugs</b> | <b>Scripts Rx</b> | <b>Net Pay Per Day Supply Rx</b> | <b>Patients Rx</b> |
|-------------|------------------|----------------------|----------------------|----------------------------|-------------------|-------------------------------------|-------------------|----------------------------------|--------------------|
| 1           | 1                | NEXIUM               | Single Source Brand  | Gastrointestinal Drugs     | \$7,253,729       | 26.92%                              | 43,713            | \$4.66                           | 6,981              |
| 2           | 2                | SINGULAIR            | Single Source Brand  | Unclassified Agents        | \$5,711,110       | 21.19%                              | 60,168            | \$2.73                           | 12,311             |
| 3           | 3                | ENBREL               | Single Source Brand  | Unclassified Agents        | \$4,678,634       | 17.36%                              | 2,385             | \$56.83                          | 399                |
| 4           | 4                | PREVACID             | Single Source Brand  | Gastrointestinal Drugs     | \$4,606,345       | 17.09%                              | 26,930            | \$4.87                           | 4,427              |
| 5           | 5                | CRESTOR              | Single Source Brand  | Cardiovascular Agents      | \$4,389,939       | 16.29%                              | 49,720            | \$2.49                           | 8,206              |
| 6           | 6                | EFFEXOR-XR           | Single Source Brand  | Central Nervous System     | \$4,299,947       | 15.96%                              | 31,044            | \$4.09                           | 4,910              |
| 7           | 7                | VYTORIN              | Single Source Brand  | Cardiovascular Agents      | \$4,028,249       | 14.95%                              | 45,572            | \$2.44                           | 7,569              |
| 8           | 8                | TOPAMAX              | Single Source Brand  | Central Nervous System     | \$3,884,987       | 14.42%                              | 16,158            | \$7.26                           | 3,084              |
| 9           | 9                | ACTOS                | Single Source Brand  | Hormones & Synthetic Subst | \$3,205,325       | 11.89%                              | 18,387            | \$4.95                           | 3,175              |
| 10          | 10               | PLAVIX               | Single Source Brand  | Blood Form/Coagul Agents   | \$3,153,357       | 11.70%                              | 24,852            | \$3.63                           | 4,028              |
| 11          | 11               | HUMIRA               | Single Source Brand  | Immunosuppressants         | \$2,947,722       | 10.94%                              | 1,533             | \$54.94                          | 272                |
| 12          | 12               | CYMBALTA             | Single Source Brand  | Central Nervous System     | \$2,919,386       | 10.83%                              | 22,423            | \$3.94                           | 4,103              |
| 13          | 13               | LEXAPRO              | Single Source Brand  | Central Nervous System     | \$2,830,909       | 10.51%                              | 38,121            | \$2.21                           | 6,754              |
| 14          | 14               | PROTONIX             | Single Source Brand  | Gastrointestinal Drugs     | \$2,525,527       | 9.37%                               | 22,000            | \$3.28                           | 3,682              |
| 15          | 15               | ZYRTEC               | Single Source Brand  | Antihistamines & Comb.     | \$2,518,398       | 9.35%                               | 61,533            | \$1.22                           | 18,061             |
| 16          | 16               | TRICOR               | Single Source Brand  | Cardiovascular Agents      | \$2,335,668       | 8.67%                               | 24,094            | \$2.72                           | 4,019              |
| 17          | 18               | ZETIA                | Single Source Brand  | Cardiovascular Agents      | \$2,209,605       | 8.20%                               | 26,225            | \$2.34                           | 4,642              |
| 18          | 19               | LIPITOR              | Single Source Brand  | Cardiovascular Agents      | \$2,187,731       | 8.12%                               | 22,991            | \$2.55                           | 4,026              |
| 19          | 17               | AVANDIA              | Single Source Brand  | Hormones & Synthetic Subst | \$2,129,781       | 7.90%                               | 13,564            | \$4.39                           | 2,584              |
| 20          | 21               | LEVAQUIN             | Single Source Brand  | Anti-Infective Agents      | \$2,068,663       | 7.68%                               | 21,655            | \$10.85                          | 16,042             |
| 21          | 20               | LAMICTAL             | Single Source Brand  | Central Nervous System     | \$2,047,640       | 7.60%                               | 8,586             | \$7.20                           | 1,433              |
| 22          | 22               | ADVAIR DISKUS 250/50 | Single Source Brand  | Hormones & Synthetic Subst | \$2,019,545       | 7.49%                               | 11,228            | \$5.29                           | 3,442              |
| 23          | 23               | IMITREX              | Multisource generic  | Autonomic Drugs            | \$1,956,331       | 7.26%                               | 10,117            | \$13.40                          | 2,808              |
| 24          | 25               | CELEBREX             | Single Source Brand  | Central Nervous System     | \$1,910,233       | 7.09%                               | 14,569            | \$3.65                           | 2,925              |
| 25          | 24               | FEXOFENADINE HCL     | Single Source Brand  | Antihistamines & Comb.     | \$1,886,332       | 7.00%                               | 48,834            | \$1.22                           | 13,168             |

\*"Product Name" includes all strengths/formulations of a drug

### **Prescription Drug Utilization**

In summary, the top 25 drugs represent 14.69% of total scripts and 33.16% of total Rx expenditures..

| Summary                       | Net Pay Rx    | Scripts Rx | Days Supply Rx |
|-------------------------------|---------------|------------|----------------|
| Top Drugs                     | \$79,705,093  | 666,402    | 22,308,374     |
| All Product Names             | \$240,337,592 | 4,536,965  | 129,365,088    |
| Top Drugs as Pct of All Drugs | 33.16%        | 14.69%     | 17.24%         |

## Utilization

The top 25 clinical conditions based on incurred claims for January through November 2007 are detailed below.

| Rank | Prev Rank | Clinical Condition             | Net Pay Med  | Net Pay IP Acute | Net Pay OP Med | Admits Per 1000 Acute | Days LOS Admit Acute | Visits Per 1000 Office Med | Visits Per 1000 ER | Patients Med | Net Pay Per Pat Med |
|------|-----------|--------------------------------|--------------|------------------|----------------|-----------------------|----------------------|----------------------------|--------------------|--------------|---------------------|
| 1    | 1         | Signs/Symptoms/Oth Cond, NEC   | \$47,463,277 | \$7,177,118      | \$39,664,154   | 2.84                  | 7.75                 | 375.50                     | 12.61              | 72,801       | \$651.96            |
| 2    | 2         | Prevent/Admin Hlth Encounters  | \$39,767,706 | \$181,348        | \$39,567,153   | 0.05                  | 3.83                 | 771.28                     | 1.21               | 136,004      | \$292.40            |
| 3    | 4         | Respiratory Disord, NEC        | \$34,606,715 | \$9,164,065      | \$25,355,668   | 3.11                  | 2.81                 | 119.90                     | 16.67              | 28,273       | \$1,224.02          |
| 4    | 3         | Coronary Artery Disease        | \$34,287,849 | \$21,504,501     | \$12,781,331   | 4.65                  | 3.36                 | 68.96                      | 2.81               | 8,387        | \$4,088.21          |
| 5    | 5         | Gastroint Disord, NEC          | \$29,986,664 | \$5,570,912      | \$24,399,857   | 2.26                  | 4.05                 | 162.84                     | 16.87              | 33,726       | \$889.13            |
| 6    | 6         | Spinal/Back Disorders, NEC     | \$28,713,479 | \$6,258,542      | \$22,445,983   | 1.35                  | 2.58                 | 668.55                     | 5.21               | 31,956       | \$898.53            |
| 7    | 7         | Osteoarthritis                 | \$25,502,905 | \$15,586,129     | \$9,897,836    | 3.39                  | 3.29                 | 197.19                     | 0.46               | 17,604       | \$1,448.70          |
| 8    | 8         | Arthropathies/Joint Disord NEC | \$25,308,464 | \$2,075,878      | \$23,205,748   | 0.56                  | 3.11                 | 754.66                     | 7.15               | 54,102       | \$467.79            |
| 9    | 9         | Cancer - Breast                | \$15,829,522 | \$738,140        | \$15,073,902   | 0.44                  | 3.63                 | 54.52                      | 0.06               | 2,463        | \$6,426.93          |
| 10   | 10        | Pregnancy w Vaginal Delivery   | \$15,268,341 | \$15,188,914     | \$79,428       | 6.75                  | 2.40                 | 0.47                       | 0.02               | 2,631        | \$5,803.25          |
| 11   | 11        | Renal Function Failure         | \$12,847,747 | \$1,804,252      | \$10,862,726   | 0.49                  | 5.05                 | 14.47                      | 0.46               | 1,702        | \$7,548.62          |
| 12   | 12        | Infections - ENT Ex Otitis Med | \$12,725,949 | \$270,106        | \$12,450,297   | 0.31                  | 2.60                 | 573.73                     | 9.35               | 81,131       | \$156.86            |
| 13   | 14        | Condition Rel to Tx - Med/Surg | \$12,230,328 | \$9,016,557      | \$3,196,539    | 2.31                  | 5.26                 | 7.79                       | 2.00               | 2,729        | \$4,481.62          |
| 14   | 13        | Chemotherapy Encounters        | \$12,218,941 | \$1,614,811      | \$10,604,130   | 0.40                  | 5.66                 | 2.31                       | 0.00               | 424          | \$28,818.26         |
| 15   | 15        | Cholecystitis/Cholelithiasis   | \$11,276,231 | \$3,072,449      | \$8,203,782    | 1.29                  | 3.59                 | 7.15                       | 1.44               | 2,431        | \$4,638.52          |
| 16   | 16        | Newborns, w/wo Complication    | \$10,515,865 | \$10,171,301     | \$344,498      | 10.01                 | 3.52                 | 4.76                       | 0.10               | 2,960        | \$3,552.66          |
| 17   | 17        | Infec/Inflam - Skin/Subcu Tiss | \$10,198,059 | \$2,046,751      | \$8,117,535    | 1.36                  | 4.15                 | 272.70                     | 5.74               | 41,426       | \$246.18            |
| 18   | 18        | ENT Disorders, NEC             | \$9,854,575  | \$357,262        | \$9,495,829    | 0.15                  | 2.76                 | 683.52                     | 2.76               | 36,675       | \$268.70            |
| 19   | 19        | Gynecological Disord, NEC      | \$9,444,233  | \$1,318,741      | \$8,124,609    | 0.77                  | 2.21                 | 84.55                      | 1.49               | 19,489       | \$484.59            |
| 20   | 21        | Diabetes                       | \$9,152,150  | \$2,188,359      | \$6,934,369    | 0.93                  | 4.95                 | 211.92                     | 1.34               | 19,992       | \$457.79            |
| 21   | 20        | Hypertension, Essential        | \$9,091,682  | \$1,363,217      | \$7,719,320    | 0.51                  | 3.10                 | 322.51                     | 1.75               | 44,417       | \$204.69            |
| 22   | 23        | Urinary Tract Calculus         | \$9,089,166  | \$1,064,816      | \$8,024,241    | 0.88                  | 1.97                 | 17.23                      | 4.71               | 3,051        | \$2,979.08          |
| 23   | 25        | Hernia/Reflux Esophagitis      | \$8,831,539  | \$2,116,023      | \$6,715,400    | 0.81                  | 3.97                 | 53.43                      | 1.15               | 11,505       | \$767.63            |
| 24   | 24        | Nutritional Disorders, NEC     | \$8,677,090  | \$1,370,069      | \$7,298,545    | 0.85                  | 2.90                 | 207.96                     | 1.71               | 42,480       | \$204.26            |
| 25   | 22        | Cardiac Arrhythmias            | \$8,455,439  | \$3,715,024      | \$4,719,743    | 1.20                  | 2.60                 | 43.18                      | 1.91               | 5,260        | \$1,607.50          |

NOTE: Medical payments represent only the payments made for the specified condition.



**Utilization** *(continued)*

In Summary, the top clinical conditions represent more than 58.6% of total paid claims for all clinical conditions.

| Summary  | Net Pay Med   | Net Pay IP<br>Acute | Net Pay OP<br>Med | Admits Per<br>1000 Acute | Days LOS<br>Admit Acute | Visits Per<br>1000 Office<br>Med | Visits Per<br>1000 ER |
|--|---------------|---------------------|-------------------|--------------------------|-------------------------|----------------------------------|-----------------------|
| Top Clinical Conditions                                      | \$451,343,917 | \$124,935,285       | \$325,282,623     | 47.68                    | 3.61                    | 5,681.11                         | 98.99                 |
| All Clinical Conditions                                      | \$769,919,266 | \$220,198,635       | \$547,889,512     | 88.54                    | 3.87                    | 8,564.25                         | 218.56                |
| Top Clinical Conditions as<br>Pct of All Clinical Conditions | 58.62%        | 56.74%              | 59.37%            | 53.85%                   | 93.08%                  | 66.34%                           | 45.29%                |

### **Claims Lag Analysis**

The following claims lag information is based on medical claims (does not include Rx) incurred January through November 2007.

| <b>Plan</b>            | <b>Number of Medical Claims</b> | <b>Avg Days Lag Per Claim</b> | <b>% Claims Paid Within 30 Days</b> | <b>% Claims Paid Within 60 Days</b> | <b>% Claims Paid Within 90 Days</b> |
|------------------------|---------------------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Commonwealth Enhanced  | 2,945,519                       | 21.1                          | 83.90%                              | 92.86%                              | 96.04%                              |
| Commonwealth Essential | 51,324                          | 25.1                          | 78.75%                              | 90.45%                              | 94.87%                              |
| Commonwealth Premier   | 3,912,819                       | 20.9                          | 83.95%                              | 93.05%                              | 96.24%                              |
| Commonwealth Select    | 71,662                          | 22.2                          | 83.36%                              | 92.10%                              | 95.29%                              |
| ~Missing*              | 18,615                          | 44.9                          | 55.62%                              | 74.18%                              | 87.14%                              |
| All Plans              | 6,999,939                       | 21.1                          | 83.81%                              | 92.90%                              | 96.11%                              |

*\*Missing means the claims could not be tagged to a specific plan.*

### **Claims Lag Analysis** *(continued)*

The following claims lag information is based on all claims (**Medical and Rx**) incurred and paid during the most recent rolling year.

|                | Month Paid      |                 |                 |                 |                 |                 |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Month Incurred | Mar 2007        | Apr 2007        | May 2007        | Jun 2007        | Jul 2007        | Aug 2007        |
| Dec 2006       | \$2,374,452.71  | \$1,011,577.02  | \$546,965.47    | \$466,715.82    | \$146,162.77    | \$184,923.52    |
| Jan 2007       | \$6,271,762.20  | \$2,381,414.99  | \$978,323.79    | \$925,877.29    | \$234,175.41    | \$404,025.95    |
| Feb 2007       | \$31,104,381.60 | \$4,572,115.09  | \$1,781,365.13  | \$855,631.13    | \$479,846.16    | \$219,936.50    |
| Mar 2007       | \$50,544,544.58 | \$32,141,571.11 | \$6,302,657.93  | \$3,344,199.20  | \$906,994.53    | \$1,531,347.36  |
| Apr 2007       | N/A             | \$42,507,670.32 | \$33,125,491.15 | \$5,644,548.25  | \$2,140,220.39  | \$1,369,212.09  |
| May 2007       | N/A             | N/A             | \$46,482,597.99 | \$35,121,507.39 | \$4,965,627.81  | \$2,777,600.79  |
| Jun 2007       | N/A             | N/A             | N/A             | \$50,659,703.73 | \$32,839,646.69 | \$6,371,563.14  |
| Jul 2007       | N/A             | N/A             | N/A             | N/A             | \$52,196,605.28 | \$34,282,783.70 |
| Aug 2007       | N/A             | N/A             | N/A             | N/A             | N/A             | \$50,987,189.56 |
| Sep 2007       | N/A             | N/A             | N/A             | N/A             | N/A             | N/A             |
| Oct 2007       | N/A             | N/A             | N/A             | N/A             | N/A             | N/A             |
| Nov 2007       | N/A             | N/A             | N/A             | N/A             | N/A             | N/A             |

|                | Month Paid      |                 |                 |                 |                |                |
|----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| Month Incurred | Sep 2007        | Oct 2007        | Nov 2007        | Dec 2007        | Jan 2008       | Feb 2008       |
| Dec 2006       | -\$10,642.64    | \$73,256.74     | \$12,979.11     | -\$21,421.35    | -\$5,268.75    | \$20,295.12    |
| Jan 2007       | \$753,554.06    | \$145,251.45    | \$77,597.51     | -\$248,869.16   | \$1,300.34     | \$35,297.97    |
| Feb 2007       | \$57,381.74     | \$77,952.63     | \$73,119.29     | \$5,200.06      | -\$782.34      | -\$22,205.81   |
| Mar 2007       | \$293,998.61    | \$603,304.36    | \$146,945.29    | \$136,273.54    | \$73,804.50    | \$47,303.68    |
| Apr 2007       | \$407,501.21    | \$63,281.31     | \$253,896.02    | \$90,585.38     | \$22,430.43    | \$58,900.31    |
| May 2007       | \$702,179.18    | \$868,213.03    | \$454,538.42    | \$219,393.67    | -\$37,742.99   | \$36,845.71    |
| Jun 2007       | \$1,889,269.24  | \$1,528,118.17  | \$446,253.57    | \$152,809.18    | \$116,641.37   | \$155,058.20   |
| Jul 2007       | \$5,298,392.73  | \$2,845,661.73  | \$1,055,317.16  | \$470,666.87    | \$292,223.23   | \$386,422.19   |
| Aug 2007       | \$33,854,734.14 | \$7,485,578.35  | \$1,806,083.47  | \$968,455.94    | \$494,785.36   | \$329,473.85   |
| Sep 2007       | \$40,418,352.08 | \$37,875,579.45 | \$4,000,919.63  | \$1,697,261.14  | \$903,063.64   | \$458,424.52   |
| Oct 2007       | N/A             | \$58,903,772.24 | \$34,411,552.02 | \$4,249,760.57  | \$2,759,629.44 | \$937,681.20   |
| Nov 2007       | N/A             | N/A             | \$52,283,411.58 | \$34,436,256.79 | \$5,703,654.03 | \$1,882,676.35 |

### Claims Distribution Based on Age/Gender

The following is based on claims incurred January through November 2007.

|            | Female      |                    |                    | Male        |                    |                    |
|------------|-------------|--------------------|--------------------|-------------|--------------------|--------------------|
| Age Group  | Members Avg | Net Pay Med and Rx | Net Pay Per Member | Members Avg | Net Pay Med and Rx | Net Pay Per Member |
| Ages < 1   | 579.3       | \$6,989,405.96     | \$6,989,405.96     | 612.6       | \$8,797,279.34     | \$8,797,279.34     |
| Ages 1-4   | 4,629.4     | \$7,449,139.04     | \$7,449,139.04     | 4,919.5     | \$8,919,115.90     | \$8,919,115.90     |
| Ages 5-9   | 6,272.5     | \$6,810,827.17     | \$6,810,827.17     | 6,504.4     | \$8,338,694.79     | \$8,338,694.79     |
| Ages 10-14 | 6,868.5     | \$7,922,148.89     | \$7,922,148.89     | 7,239.7     | \$9,045,562.52     | \$9,045,562.52     |
| Ages 15-17 | 4,732.4     | \$10,236,413.92    | \$10,236,413.92    | 5,088.5     | \$9,041,850.87     | \$9,041,850.87     |
| Ages 18-19 | 3,265.2     | \$5,647,073.83     | \$5,647,073.83     | 3,417.5     | \$6,138,383.36     | \$6,138,383.36     |
| Ages 20-24 | 7,228.4     | \$15,808,385.87    | \$15,808,385.87    | 6,358.6     | \$9,362,799.22     | \$9,362,799.22     |
| Ages 25-29 | 8,278.5     | \$27,311,424.36    | \$27,311,424.36    | 3,928.5     | \$5,720,480.71     | \$5,720,480.71     |
| Ages 30-34 | 8,996.5     | \$36,577,933.59    | \$36,577,933.59    | 4,924.4     | \$8,946,051.02     | \$8,946,051.02     |
| Ages 35-39 | 10,953.2    | \$39,000,909.76    | \$39,000,909.76    | 5,732.7     | \$13,949,719.13    | \$13,949,719.13    |
| Ages 40-44 | 11,901.0    | \$48,335,442.96    | \$48,335,442.96    | 6,449.3     | \$19,784,323.18    | \$19,784,323.18    |
| Ages 45-49 | 14,571.6    | \$68,160,305.48    | \$68,160,305.48    | 7,783.1     | \$31,012,844.69    | \$31,012,844.69    |
| Ages 50-54 | 17,820.7    | \$97,387,041.70    | \$97,387,041.70    | 10,284.8    | \$49,452,458.64    | \$49,452,458.64    |
| Ages 55-59 | 19,891.9    | \$122,643,710.81   | \$122,643,710.81   | 12,663.8    | \$73,612,906.59    | \$73,612,906.59    |
| Ages 60-64 | 16,118.1    | \$119,088,677.73   | \$119,088,677.73   | 10,874.3    | \$84,205,930.86    | \$84,205,930.86    |
| Ages 65-74 | 3,021.1     | \$23,505,443.19    | \$23,505,443.19    | 2,201.7     | \$21,054,173.09    | \$21,054,173.09    |

### **Allowed Amount Distribution**

The following table shows the distribution of members for whom the amounts of charges within the specified ranges were allowed. The data appears for the years of 2005, 2006 and 2007.

| <b>Allowed Amount</b>       | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    |
|-----------------------------|----------------|----------------|----------------|
| Less than \$0.00            | 90             | 6              | 2              |
| \$0.00 - \$499.99           | 50,002         | 54,068         | 56,275         |
| \$500.00 - \$999.99         | 29,232         | 32,926         | 34,765         |
| \$1,000.00 - \$1,999.99     | 35,407         | 40,347         | 42,568         |
| \$2,000.00 - \$4,999.99     | 47,471         | 54,423         | 55,320         |
| \$5,000.00 - \$9,999.99     | 26,210         | 30,349         | 29,784         |
| \$10,000.00 - \$14,999.99   | 9,138          | 10,593         | 10,726         |
| \$15,000.00 - \$19,999.99   | 4,055          | 4,721          | 4,859          |
| \$20,000.00 - \$29,999.99   | 3,539          | 4,277          | 4,415          |
| \$30,000.00 - \$49,999.99   | 2,312          | 2,849          | 2,852          |
| \$50,000.00 - \$74,999.99   | 932            | 1,090          | 1,155          |
| \$75,000.00 - \$99,999.99   | 390            | 470            | 435            |
| \$100,000.00 - \$149,999.99 | 299            | 348            | 372            |
| \$150,000.00 - \$199,999.99 | 116            | 117            | 141            |
| \$200,000.00 - \$249,999.99 | 57             | 62             | 69             |
| Over \$249,999.99           | 74             | 97             | 105            |
| <b>Total</b>                | <b>209,324</b> | <b>236,743</b> | <b>243,843</b> |

### **Summary of Enrollment and Claims**

The following provides a summary of members, incurred medical claims, and incurred Rx claims for the most recent rolling year.

| <b>Time Period</b> | <b>Members</b> | <b>Net Pay Med and Rx</b> | <b>Net Pay Med</b> | <b>Net Pay Rx</b> | <b>Claims Paid</b> | <b>Claims Paid Med</b> | <b>Scripts Rx</b> |
|--------------------|----------------|---------------------------|--------------------|-------------------|--------------------|------------------------|-------------------|
| Dec 2006           | 239,277        | \$86,770,548.31           | \$65,420,422.25    | \$21,350,126.06   | 692,977            | 269,915                | 416,010           |
| Jan 2007           | 241,464        | \$88,747,587.89           | \$67,007,973.12    | \$21,739,614.77   | 743,450            | 302,867                | 432,759           |
| Feb 2007           | 241,625        | \$80,326,396.20           | \$60,532,444.02    | \$19,793,952.18   | 664,070            | 267,590                | 389,854           |
| Mar 2007           | 241,951        | \$96,072,944.69           | \$73,497,649.23    | \$22,575,295.46   | 749,567            | 303,865                | 438,043           |
| Apr 2007           | 242,700        | \$85,683,736.86           | \$64,727,124.73    | \$20,956,612.13   | 684,044            | 275,723                | 400,923           |
| May 2007           | 242,972        | \$91,590,761.00           | \$69,624,254.43    | \$21,966,506.57   | 711,012            | 286,258                | 417,087           |
| Jun 2007           | 243,692        | \$94,159,063.29           | \$72,739,277.16    | \$21,419,786.13   | 689,215            | 285,413                | 396,512           |
| Jul 2007           | 243,889        | \$96,828,072.89           | \$75,139,957.38    | \$21,688,115.51   | 705,117            | 296,948                | 400,529           |
| Aug 2007           | 241,422        | \$95,926,300.67           | \$73,514,989.89    | \$22,411,310.78   | 720,803            | 297,441                | 416,097           |
| Sep 2007           | 242,850        | \$85,353,600.46           | \$64,147,821.38    | \$21,205,779.08   | 657,709            | 259,527                | 391,553           |
| Oct 2007           | 247,352        | \$101,262,395.47          | \$77,663,948.04    | \$23,598,447.43   | 741,724            | 324,483                | 431,255           |
| Nov 2007           | 248,216        | \$94,305,998.75           | \$71,323,826.66    | \$22,982,172.09   | 729,604            | 300,084                | 422,353           |

*NOTE: Includes run out data from all Carriers*

The following illustrates the change in incurred claims (includes medical and Rx) by rolling year.

| <b>Time Period</b>  | <b>Members</b> | <b>Total Medical and Rx Claims</b> | <b>Total Medical Claims</b> | <b>Total Rx Claims</b> |
|---------------------|----------------|------------------------------------|-----------------------------|------------------------|
| Dec 2005 - Nov 2006 | 235,592        | 963,306,429                        | \$734,023,159               | \$229,307,268          |
| Dec 2006 - Nov 2007 | 243,763        | 1,105,049,562                      | \$843,335,718               | \$261,713,843          |
| % Change (Roll Yrs) | 3.50%          | 14.70%                             | 14.90%                      | 14.10%                 |